

**BOARD OF REGENTS
MOREHEAD STATE UNIVERSITY**

November 30, 2001

The Board of Regents of Morehead State University met on Friday, November 30, 2001, in the Riggle Room of the Adron Doran University Center in Morehead, Kentucky.

CALL TO ORDER

Chair Hinkle convened the meeting at 10 a.m.

ROLL CALL

The following members were present: Gene Caudill, Lynne Fitzgerald, Buckner Hinkle, Jr., Brian Martin, Sylvia Lovely, Helen Pennington, and Jerry Umberger. James Booth, Charles Rhodes, and Juanita Mills were not present.

Others present: President Ronald G. Eaglin; Provost and Executive Vice President Michael Moore; Vice Presidents Porter Dailey, Michael Mincey, Keith Kappes, and Barbara Ender; and other members of the faculty, staff, and administration.

ADRON DORAN

Chair Hinkle asked that the Board observe a moment of silence in memory of President Emeritus Adron Doran, who passed away on November 25. Dr. Doran served as the sixth president of MSU from 1954 to 1977.

Chair Hinkle asked that, at the next meeting, the Board adopt a resolution in memory of President Emeritus Doran.

**INTRODUCTION
OF MEDIA**

Ms. Pauline Young, Director of University Communications, introduced Mr. Nelson Gullett, WMKY; Jennifer Sewell, The Trail Blazer, and Kim Hamilton, The Morehead News.

**MINUTES OF
SEPTEMBER 22,
2001**

Mr. Caudill moved, seconded by Dr. Fitzgerald, to approve the minutes of the September 22, 2001, meeting as distributed. The motion carried.

**RESOLUTION
HONORING
MADGE BAIRD**

Chair Hinkle stated that Ms. Madge Walters Baird had moved to Florida and tendered her resignation as a member of the Board of Regents. As a result, he read the following Resolution Honoring Madge Walters Baird:

WHEREAS, Ms. Madge Walters Baird of Pikeville, Kentucky, has served with distinction as a member of the Board of Regents of Morehead State University since 1998; and

WHEREAS, Ms. Baird's distinguished service on the Board of Regents consistently has reflected her high ethical standards and deep, personal commitment to academic excellence; and

WHEREAS, Ms. Baird previously served the University with distinction as vice chair of the Presidential Search Committee in 1991-92;

THEREFORE, be it resolved by the Board of Regents of Morehead State University that Ms. Madge Walters Baird be and hereby is commended for her three years of honorable and outstanding service on the Board of Regents and that the University expresses its profound and sincere gratitude for her loyalty.

Done this thirtieth day of November, 2001.

Buckner Hinkle, Jr., Chair

ATTEST:

Carol Johnson, Secretary

Ronald G. Eaglin, President

Ms. Pennington moved, seconded by Mr. Umberger, to adopt the Resolution Honoring Madge Walters Baird. The motion carried.

RECOMMENDATIONS OF THE PRESIDENT

Honorary Doctoral Degrees

RECOMMENDATION: That the Board of Regents approve the awarding of honorary degrees of DOCTOR OF PUBLIC SERVICE to Ann Latta of Prestonsburg, Kentucky, and J. Phil Smith of Jackson, Kentucky, at the Winter Commencement ceremony on December 15, 2001.

(Additional background information attached to these minutes and marked V)

MOTION: Mr. Caudill moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion carried.

**Winter
Commencement**

RECOMMENDATION: That the awarding of degrees to all candidates who successfully completed all degree requirements as approved by the faculty of the University at the 2001 Winter Commencement on December 15, 2001, be approved.

Dr. Eaglin asked that the number of students graduating be included in the agenda material for future meetings.

Chair Hinkle encouraged Board members to attend winter commencement on December 15.

MOTION: Ms. Pennington moved, seconded by Mr. Martin, that the Board approve the President's recommendation.

VOTE: The motion carried.

Personnel Actions

RECOMMENDATION: That the Board ratify the Personnel Actions for the period September 10, 2001, through November 2, 2001.

(List of Personnel Actions and additional background information attached to these minutes and marked VI-A-2)

MOTION: Ms. Lovely moved, seconded by Dr. Fitzgerald, that the Board approve the President's recommendation.

VOTE: The motion carried.

Amend PG-11

RECOMMENDATION: That the Board amend PG-11, Leave of Absence without Salary for Extended Active Military Service.

(Amended PG-11 and additional background information attached to these minutes and marked VI-A-3)

Mr. Roger Barker, Director of Human Resources, asked the Board to change the word "sick" to "vacation" in bulleted item three in the background on page 19 of the agenda book. This item should read: "Allowing employees to use all or portions of their accumulated 'vacation' leave for extended military service in lieu of leave without pay."

Mr. Dailey stated that the President's Cabinet and Staff Congress have reviewed PG-11, and the Faculty Senate is currently reviewing the policy. All changes in PG-11 are mandated by state and federal laws.

Mr. Barker stated that the Uniform Services Employment/Reemployment Rights Act expanded the employment rights of employees involved in extended military leaves. As a result, MSU increased the scope of its policy to include:

- ❑ Extending eligibility to part-time employees;
- ❑ Eliminating requirement for employee to provide employer with copy of orders to active duty;
- ❑ Allowing employee to use all or portions of their accumulated vacation leave for extended military service in lieu of leave without pay;
- ❑ Clarifying employees' rights with regard to maintaining health and dental insurance coverage;
- ❑ Clarifying employees' rights with regard to receiving retirement credit for time on extended military leaves of absence;
- ❑ Establishing university procedures for administering vacation and sick leave;
- ❑ Complying with the Act with regards to employees' re-employment rights under differing leave duration; and
- ❑ Establishing the University's right to determine re-employment eligibility for an employee returning from an extended active military service leave.

Discussion ensued on whether the policy should be tabled until the Faculty Senate had an opportunity to review the revised policy. It was agreed that since the changes reflect the law, the Board should adopt the revised policy now. Any additional proposed changes can be brought forward at a later date for the Board's consideration.

MOTION: Ms. Lovely moved, seconded by Mr. Caudill, to approve the President's recommendation.

VOTE: The motion carried.

RECOMMENDATION: That the Board accept the audit report for the fiscal year ended June 30, 2001, as presented by Crowe, Chizek and Company.

(2000-2001 Audit Report and additional background information attached to these minutes and marked VI-A-4-a)

In the absence of Ms. Juanita Mills, chair of the Audit Committee, Mr. Dailey provided an overview of the Audit Committee meeting held on November 10, 2001. Mr. Dailey stated that Mr. Ed Olliges, partner with Crowe Chizek, presented the University's audited financial statements and

*Audit Report for
Fiscal Year 2000-
2001*

various schedules and issued an unqualified opinion. The Audit Committee accepted the report.

Mr. Michael Walters, Associate Vice President for Fiscal Services, discussed the fourth quarter financial statements. The management letter issued by the auditors contained no findings of material weaknesses in the financial control system. Unrestricted fund balance increased by \$2.4 million; investment in plant increased about \$13.5 million; approximately \$7.5 million in debt was retired; and endowment fund balances increased by \$4.6 million of which approximately \$2.9 million came from the state with the balance from private contributions.

MSU's operating budget was based on projected headcount enrollment of 8,200 students. Headcount enrollment for the 2000 fall semester was 8,327, compared to 8,171 for the previous year. The enrollment increase, combined with a tuition rate increase of 3 percent resulted in an increase in tuition and fees revenue of \$1.7 million from the previous year. Increased enrollment affected revenue services, such as the University Bookstore, which reported a 1.5 percent increase.

Further, Mr. Walters stated that the University's bond credit ratings from external agencies continue to reflect a strong financial position.

Ms. Teresa Johnson, Director of Budgets, discussed budget adjustments for the fourth quarter, notes of significant adjustments to revenue and other additions, and budget amendments greater than \$200,000.

MOTION: Mr. Umberger moved, seconded by Dr. Fitzgerald, to approve the President's recommendation.

VOTE: The motion carried.

Fourth Quarter Financial Report

RECOMMENDATION: That the Board accept the reports related to the fourth quarter financial information and capital outlay, and amend the operating budget for the 2000-2001 fiscal year.

(Fourth Quarter Financial Report and additional background information attached to these minutes and marked VI-A-4b)

MOTION: Mr. Caudill moved, seconded by Mr. Martin, to approve the President's recommendation.

VOTE: The motion carried.

**First Quarter
Financial Report**

RECOMMENDATION: That the Board accept the first quarter financial statements and amend the operating budget.

(First Quarter Financial Report and additional background information attached to these minutes and marked VI-A-5)

Mr. Walters and Ms. Johnson presented the first quarter financial statements. MSU's financial picture has remained stable through the first quarter. Actual fall enrollment was 9,027, up from the projected 8,600, which increased tuition revenue. During the period July 1 through September 30, the University received \$1,080,521 from the CPE Action Agenda Trust Fund.

MOTION: Mr. Caudill moved, seconded by Ms. Lovely, to approve the President's recommendation.

VOTE: The motion carried.

**2002-2004
Executive Branch
Budget Request**

RECOMMENDATION: That the Board ratify the University's 2002-2004 Executive Branch Budget Request.

(2002-2004 Executive Branch Budget Request and additional background information attached to these minutes and marked VI-A-6)

Ms. Beth Patrick, Associate Vice President for Planning and Technology, presented information on the 2002-2004 Executive Branch Budget Request, which was submitted to the Council on Postsecondary Education on November 15, 2001. The biennial budget request included three major areas: operating, trust funds, and capital projects.

Dr. Eaglin commended Ms. Patrick on doing a good job.

MOTION: Mr. Caudill moved, seconded by Ms. Lovely, to approve the President's request.

VOTE: The motion carried.

**EXECUTIVE
SESSION**

Mr. Caudill moved, seconded by Mr. Martin, that the Board go into Executive Session for the purpose of discussing the acquisition of property. The motion unanimously carried.

Upon returning to open session, Chair Hinkle informed the audience that no action had been taken in Executive Session.

Campus Master Plan

RECOMMENDATION: That the Board amend the Campus Master Plan to incorporate all of the property identified in the attached site plan as the Elizabeth Martindale property and authorize a lease of the property if necessary.

(Additional background information attached to these minutes and marked VI-A-7)

Mr. Dailey stated that the University is recommending that the Campus Master Plan be amended to incorporate the Elizabeth Martindale property located on the east end of the main campus. The primary frontage of the Martindale tract has been a part of the master plan since 1989. Purchase of the 12-acre tract may involve a lease agreement with the MSU Foundation. If acquired, the property would be used for green and recreation space.

MOTION: Ms. Lovely moved, seconded by Mr. Umberger, to approve the President's recommendation.

VOTE: The motion carried.

PRESIDENT'S REPORTS**Fall Enrollment**

Dr. Michael Moore, Provost, presented the final fall 2001 enrollment report. Headcount enrollment was 9,027, an increase of 8.4 percent; full-time equivalency was 6,888, an 8.1 percent increase; and credit-hour production was 107,014, an increase of 7.9 percent. This is the second highest headcount in the school's history. *(Fall 2001 Enrollment Report attached to these minutes and marked VI-B-1)*

New Associate Vice President for Academic Affairs

Dr. Moore announced that Dr. Deborah Abell, currently chair of the Department of Leadership and Secondary Education, would assume the position of associate vice president for academic affairs for graduate and undergraduate programs, effective January 2. She is assuming the position held by Dr. Marc Glasser who retired.

2002 Health Insurance Plan

Mr. Dailey reported on MSU's health insurance plan for 2002. He noted that the University is significantly increasing its contribution to the health insurance program by nearly \$1 million for the 2002 year. Improved benefits, increased usage, and inflation in 2001 resulted in an average 55 percent cost increase for all insurance plans for the coming year. *(Report on Health Insurance for Plan Year 2002)*

Dr. Eaglin reported that beginning in 2002, the University would increase its average health care contribution by \$88 per employee per month. With this increase, the University will have more than doubled its contribution level during the past two calendar years, from \$140 to \$298 per employee per month.

	<p>Discussion ensued on the possibility of legislation being considered during the upcoming General Assembly that could force MSU into the state health insurance program.</p>
<i>Report on Major Gifts</i>	<p>Ms. Barbara Ender, vice president for development, reported on major gifts of more than \$10,000 that had been received since September 1. (<i>Report on Major Gifts Since September 1, 2001, attached to these minutes and marked VI-B-3</i>)</p>
<i>Report on Campus Giving Campaign</i>	<p>Ms. Ender also noted that the Campus Giving Campaign would end on December 8, 2001, and according to preliminary figures would reach its goal of \$107,000. Regent Gene Caudill was praised for his efforts as co-chair of this year's campaign. Chair Hinkle encouraged the Board members to participate if they had not already made a contribution.</p>
RESOLUTION OF APPRECIATION FOR GOVERNOR	<p>Chair Hinkle read the following resolution of appreciation for the stance the Governor has taken to protect education from the difficult economic condition:</p> <p>WHEREAS, Governor Paul E. Patton has championed the cause of public postsecondary education since taking office in December 1995; and</p> <p>WHEREAS, Governor Patton has lived up to his promise of being remembered as Kentucky's education governor; and</p> <p>WHEREAS, Governor Patton has appointed each of the current citizen members of the Morehead State University Board of Regents; and</p> <p>WHEREAS, Governor Patton has steadfastly shielded public education from budget reductions in the current biennial budget of the Commonwealth; and</p> <p>WHEREAS, Morehead State University is exceeding its enrollment and retention goals in pursuit of Governor Patton's 2020 Vision for public postsecondary education;</p> <p>THEREFORE, be it resolved that the Board of Regents of Morehead State University hereby expresses its deepest appreciation to Governor Paul E. Patton for his abiding commitment to public education at all levels and to his unyielding support of those charged with the governance and administration of Morehead State University.</p> <p>Done this thirtieth day of November, 2001.</p>

Buckner Hinkle, Jr., Chair

ATTEST:

Carol Johnson, Secretary

Ronald G. Eaglin, President

Ms. Lovely moved, seconded by Ms. Pennington, to adopt the Resolution of Appreciation. The motion carried.

Dr. Eaglin reported that the last year had been remarkable as both retention and enrollment goals had been met. He said that by all indications, we are getting more "first choice" students." He credited the admissions staff for their hard work in getting the word out, as well as the University's faculty and staff for their hard work.

Upcoming Events

Dr. Eaglin reminded the Board that the Holiday Dinner Party would be held on December 14 and Winter Commencement on December 15.

*Board's Reception
for Faculty & Staff*

Chair Hinkle stated that the primary reason for having the reception for faculty and staff today is to give the Board an opportunity to thank them for their hard work during these tough economic times. [Reception for faculty and staff from noon to 2 p.m. in the ADUC]

Adjournment

There being no further business to come before the Board, Dr. Fitzgerald moved, seconded by Mr. Caudill, to adjourn at noon. The motion carried.

Respectfully submitted,



Carol Johnson, Secretary

**2002 FOUNDERS DAY AWARD
FOR UNIVERSITY SERVICE**

**BOR (V)
March 16, 2002**

Background:

The Founders Day Award for University Service was established by the Board of Regents in 1978 and has been presented each year to individuals with records of outstanding service to the University over a sustained period. The presentation is part of the annual Founders Day observance.

Previous recipients have included W. E. Crutcher, 1978; Linus A. Fair, 1979; Carl D. Perkins, 1980; Dr. Warren C. Lappin, 1981; Dr. Ted L. Crosthwait, 1982; Monroe Wicker, 1983; Lloyd Cassity, 1984; Grace Crosthwaite, 1985; Boone Logan, 1986; Dr. Rondal D. Hart, 1987; George T. Young, 1988; John E. Collis, 1989; Dr. Wilhelm Exelbirt, 1990; Dr. R. H. Playforth, 1991; Dr. Mary Northcutt Powell, 1992; Sen. Woody May, 1993; Dr. J. E. Duncan, 1994; Sherman R. Arnett and Harlen L. Hamm, 1995; Dr. Adron Doran, 1996; Robert S. Bishop and K. Martin Huffman, 1997; and Dr. Charles J. Pelfrey, 1998; Carolyn S. Flatt, 1999; Dr. Earl J. Bentley, 2000; and Mrs. Mignon Doran, 2001.

The Founders Day Committee has recommended that the 2002 award be presented to Dr. C. Nelson Grote, the 11th president of the University who served from 1987 until 1992. The ceremony is scheduled as part of the Founders Day Luncheon at noon on Thursday, April 4.

President Emeritus Grote earlier spent 11 years on the campus as a division chair and college dean. Before returning to MSU as president, he was president of Schoolcraft College in Livonia, Mich., and chancellor of the Community Colleges of Spokane, Washington. A few years after retiring from MSU, Dr. Grote returned to higher education to serve as executive vice president of the newly-formed Kentucky Community and Technical College System (KCTCS). He played a key role in the organization of that system of two-year colleges and today remains an officer and board member of the KCTCS Foundation.

His five-year tenure as president of the University was marked by an enrollment increase of more than 50 percent, modernization of residence halls and the campus utilities system, establishment of additional extended campus centers and expanded involvement with the public schools and two-year colleges in the region. Dr. Grote and his wife, Wilma, remain active in the life of the University.

Recommendation:

That the Board of Regents approve the selection of Dr. C Nelson Grote of Morehead, Ky., as the recipient of the 2002 Founders Day Award for University Service.

A MEMORIAL RESOLUTION

**BOR (VI)
March 16, 2002**

WHEREAS, Dr. Adron Doran served honorably and with distinction as the seventh president of Morehead State University from April 1954 through December 1977; and

WHEREAS, Dr. Doran's dynamic leadership resulted in the institution achieving unprecedented growth and state university status; and

WHEREAS, Dr. Doran's monumental contributions to the University were recognized in the naming of the University Center and in him receiving an honorary doctoral degree and the Founders Day Award for University Service; and

WHEREAS, President Emeritus Doran continued to be active in the life of the University and maintained interest in the well being of its students, faculty, staff and alumni throughout the balance of his life which ended November 22, 2001, at the age of 92;

THEREFORE, the distinguished life and notable professional career of President Emeritus Adron Doran be and hereby are remembered with eternal and heartfelt gratitude by the Board of Regents of Morehead State University and sincerest condolences are extended to his wife, Mignon Doran, and other family members.

Adopted this 16th day of March 2002.

ATTEST:

Buckner Hinkle, Jr., Chair

Carol Johnson, Secretary

Ronald G. Eaglin, President

TENURE WITH PROMOTION, 2002

**BOR (VIII-A-1)
March 16, 2002**

Background:

Assistant professors who successfully gain tenure are automatically promoted to the rank of associate professor without further review by the University Promotion Committee. Faculty members are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees, as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

Recommendation:

That the Board of Regents approve the granting of tenure and promotion to the associate professor rank for the following faculty members with the issuance of their contracts for the 2002-2003 year:

- Dr. Stacy Baker, music
- Dr. Paul Becker, sociology
- Dr. Laurie Couch, psychology
- Dr. Thomas Creahan, economics
- Dr. Susan Creasap, music
- Dr. Darrin DeMoss, biology
- Ms. Yan Duan, nursing
- Dr. Claire Foley, English
- Dr. Joy Gritton, art
- Dr. John Hennen, history
- Dr. Brenda Malinauskas, nutrition/dietetics
- Dr. Adele Moriarty, education
- Dr. Dianna Murphy, government
- Dr. Eric Swank, social work
- Dr. Stacy Vollmers, marketing

Background:

Faculty members desiring tenure are responsible for developing their own tenure portfolios for submission to their peers and administrative supervisors for analysis and review during the first semester of the last year of their probationary period. These portfolios are reviewed by departmental committees as well as by the candidate's department chair and college dean. The University Tenure Committee receives and reviews the recommendations from these peer groups and administrators and forwards its recommendations to the Provost. The President, based upon recommendations from the Provost, submits his recommendations to the Board of Regents.

Recommendation:

That the Board of Regents approve the granting of tenure for the following faculty member with the issuance of his contract for the 2002-2003 year:

Dr. Gerd Fricke, associate professor of mathematics

SABBATICAL LEAVES, 2002

**BOR (VIII-A-3)
March 16, 2002**

Background:

Faculty members desiring sabbatical leaves submit their application to be evaluated by their departmental committee, department chair, college dean, and the Professional Development Committee. These committee evaluations are forwarded to the Provost who recommends to the President for his recommendation to the Board of Regents.

Recommendation:

That the Board of Regents approve the granting of sabbatical leaves to the following faculty members contingent upon funding being available within academic affairs.

Fall 2002

John Ernst, Associate Professor of History
Stephen Tirone, Associate Professor of Art

PROGRAM DELETION

BOR (VIII-A-4)
March 16, 2002

Background:

In November 1999, the Council on Postsecondary Education (CPE) approved a series of guidelines for creating and maintaining academic programs. The new guidelines required among other things, that the Council staff review the status of all existing programs in operation for more than four years and identify those that do not appear to be sufficiently and effectively contributing to the needs of the statewide system of postsecondary education in Kentucky. In February 2000, each university received a list of its academic programs that did not pass the Council's initial screen for productivity. Institutions were asked to review each identified program and make a written recommendation about its continuation, modification, elimination, or consolidation into a cooperative program. One identified program, the BA degree in Parks, Recreation and Leisure was assessed during 2000. Because this degree only provided options related to outdoor and recreation employment, the Department decided to move toward a more comprehensive and multi-disciplinary curriculum that would allow our students to be successful in a variety of sport/recreation employment venues. The proposed new program, BA in Sport Management, was presented to the BOR and approved at its March 3, 2001 meeting.

The CPE, at its February 4, 2002, meeting, approved our request to offer the BA in Sport Management, that will replace the BA in Parks, Recreation and Leisure.

Recommendation:

That the Board approve the deletion of the Bachelor of Arts in Parks, Recreation and Leisure (CIP 31.0301).

**APPROVE PERSONNEL POLICY, PAC-34
ALTERNATIVE CAREER-TRACK FACULTY**

**BOR (VIII-A-5)
March 16, 2002**

Background:

PAC-34, establishes the policy and conditions for hiring and retaining non tenure-track faculty (Instructor). There are at least three conditions that necessitate this proposal:

1. There are several academic programs that require faculty to teach a large number of developmental and introductory courses (particularly mathematics, reading and composition). Most of these programs have a very limited enrollment in major and upper-level courses. Were all positions within any of these programs converted to tenure-track, a significant number of the faculty would very rarely be able to teach beyond developmental or introductory courses—a condition perceived as not desirable for faculty with terminal degrees seeking opportunities to teach in their primary area of expertise. The proposal permits hiring and retaining faculty with appropriate preparation for developmental and introductory courses without the demands of meeting tenure criteria until they are in a position that is mutually beneficial to the faculty member and the department.
2. A few disciplines, most notably within education, are experiencing serious problems in securing applicants with the requisite terminal degree. The discipline faculty are generally in agreement that a few of the difficult-to-fill positions are ones for which non-terminally degreed public school teachers and administrators are highly qualified—at least on a short-term basis, if not permanently. However, requiring non-terminally degreed faculty to successfully meet the current and standard criteria for tenure and promotion is not realistic.
3. Recent changes in the external environment of some externally accredited professional programs such as business and education have made it desirable to augment traditional faculty with a limited number of experienced professionals and practitioners. The belief is that instructional staff of this nature add a dimension to the program not always possible with more traditional faculty. Moreover, given an opportunity to secure an appropriate terminal degree, a faculty member in this category can eventually bring a stronger set of credentials not otherwise available to the program. However, our current policies make the recruitment of such accomplished and unique individuals very difficult.

As a result of the foregoing conditions, a number of positions within these programs experience an unhealthy rate of turnover. Others remain vacant and require an unhealthy reliance on adjunct faculty. Moreover, many programs are limited in their ability to respond to the rapid changes within the discipline and the marketplace and are, thus, less effective in meeting the needs of their constituents.

This policy is a result of one and one-half years of deliberation involving an ad hoc committee of faculty (including non tenure-track faculty), the Faculty Senate, department chairs, the

Deans Council, the Provost and the President. The Faculty Senate approved the proposed policy in the fall of 2001.

Analysis:

The major components of policy include the following:

- A description of the difference between Lecturers (part-time faculty) and Instructors (full-time, non tenure-track faculty)
- Guidelines regarding the qualifications for the appointment of Instructors, for the ratio of Instructors to tenure-track faculty, and for classifying positions as Instructor vs. tenure track
- Guidelines for the evaluation and reappointment or non-reappointment of faculty in the Instructor position

The policy will be effective with the appointment of faculty as Instructors for the 2002-03 academic year.

Recommendation:

That the Board of Regents approve PAc-34.

Policy: PAc 34

ALTERNATIVE CAREER-TRACK FACULTY

Approval Date:

PURPOSE: The titles of part-time **Lecturer** and full-time **Instructor** are reserved for non-tenure-track faculty employed to address instructional needs of departments in which program requirements and teaching demands for developmental, associate-level, and specialty courses exceed staffing capacity of ST-1 faculty. While primary responsibility for upper-division and graduate instruction remains, across the University, with tenured and tenure-track faculty, such courses may be assigned to "non-tenure track faculty" who hold the proper academic credentials, as per Pac 1, when they cannot be taught by ST-1 faculty.

**GENERAL
DESCRIPTION:**

Lecturers (formerly referred to as *part-time* or *Adjunct* faculty) are employed less than full time without University retirement or insurance benefits on a class-by-class or semester-by-semester basis. Although there is no assurance of continuing employment, neither is there a limit to the number of years one may serve as a Lecturer. Lecturers should have successful teaching experience.

Instructors (formerly referred to as *fixed-term* instructors) are full-time employees contracted with full benefits for a one-year term with a teaching load of no more than 27 credit hours recommended. With the approval of the department chair and college dean, Instructors may have appointments renewed on an annual basis provided there are continued/justified instructional needs, adequate funds, and satisfactory evaluations according to departmental faculty evaluation plans (FEP).

While Instructors will be evaluated primarily on teaching, they may provide service on departmental committees. Qualified Instructors may apply for tenure-track positions as they occur and may request to apply up to 3 years of service toward tenure.

At the time of employment a contract issued to a non-tenure track faculty member shall explicitly state the rank, and that the position is not tenurable. The title "Artist-in-Residence" or other appropriate title may be used synonymously with these types of appointments when appropriate.

**GENERAL
GUIDELINES:**

In order to protect the tenure standing at the University, the percentage of faculty holding non-tenure-track appointments shall not exceed percentages of the total faculty set by appropriate discipline specific accrediting agencies. It is the responsibility of the Office of the Provost to make every effort possible to ensure that these limits are not exceeded.

Qualifications for appointment of non-tenure track faculty should be flexible enough to meet the needs of each academic unit yet consistent with accreditation standards. Minimum qualifications shall be a degree appropriate to the teaching assignment or equivalent experience in the field or related field. An earned doctorate or equivalent experience in the field or related field is preferred for teaching upper-level courses. All appointments shall meet all applicable current criteria of the appropriate accrediting bodies.

**PROCEDURE FOR RE-CLASSIFYING POSITIONS
AND RE-ASSIGNING OR HIRING OF INSTRUCTORS;**

Tenure-track positions may be filled by an instructor only under one of the following conditions: (1) when a search for a tenure-track position has not resulted in a qualified hire or sufficient time is not available to pursue a successful search, in which case the instructor position will be used until a qualified candidate has been selected for the tenure-track position through a standard search; (2) when, in the judgment of the department chair, dean and Provost, enrollment patterns within the department/program or other conditions warrant filling a tenure-track position with an instructor as needed; in which case the department faculty will be consulted.

Any faculty who has previously served or is currently serving as an instructor is eligible for application and appointment, upon approval, to the positions. It is the responsibility of the department chair to select and interview candidates, but, whenever possible, candidates should meet with all members of the respective department.

**ANNUAL REVIEW OF
STAFFING NEEDS:**

Each department will annually review its staffing needs with regard to the nature and number of positions needed for the following year. Should a need for additional faculty be identified, the department should prepare a request indicating the nature and number of additional faculty needed. The request may be for one or more

additional tenure-track lines, conversion of an instructor line to tenure-track, or additional instructor lines.

**TERMINATION OF NON-TENURE
TRACK FACULTY APPOINTMENTS:**

Appointments of non-tenure track faculty may be terminated before contract expiration for the reasons described in the appropriate section of the Faculty Handbook and according to the procedure described.

**EVALUATION OF NON-TENURE
TRACK FACULTY:**

No later than May 1 of each year, and earlier if possible, all individuals holding the title of "Instructor" shall be notified if they will be retained for the following academic year. Such notification shall have been preceded by a performance evaluation similar to tenured and tenure-track faculty. The review will be based on the relative criteria for performance expectations as defined in the departmental FEP and any salary adjustments will fall within the PBSI Guidelines as established for all full-time faculty.

Instructors not notified by May 1 will be eligible for rehire as an instructor at the time that a clear need has been identified and upon completion of a performance evaluation as outlined in the foregoing paragraph. When possible, instructors with more than three years of consecutive service will be given at least a 12-month notification of non-renewal.

**FACULTY RIGHTS AND PRIVILEGES
OF NON-TENURE TRACK FACULTY:**

All non-tenure track faculty shall be afforded rights of academic freedom and due process.

PERSONNEL ACTIONS

BOR (VIII-A-6)
March 16, 2002

Background:

The Personnel Action Request Report includes actions related to:

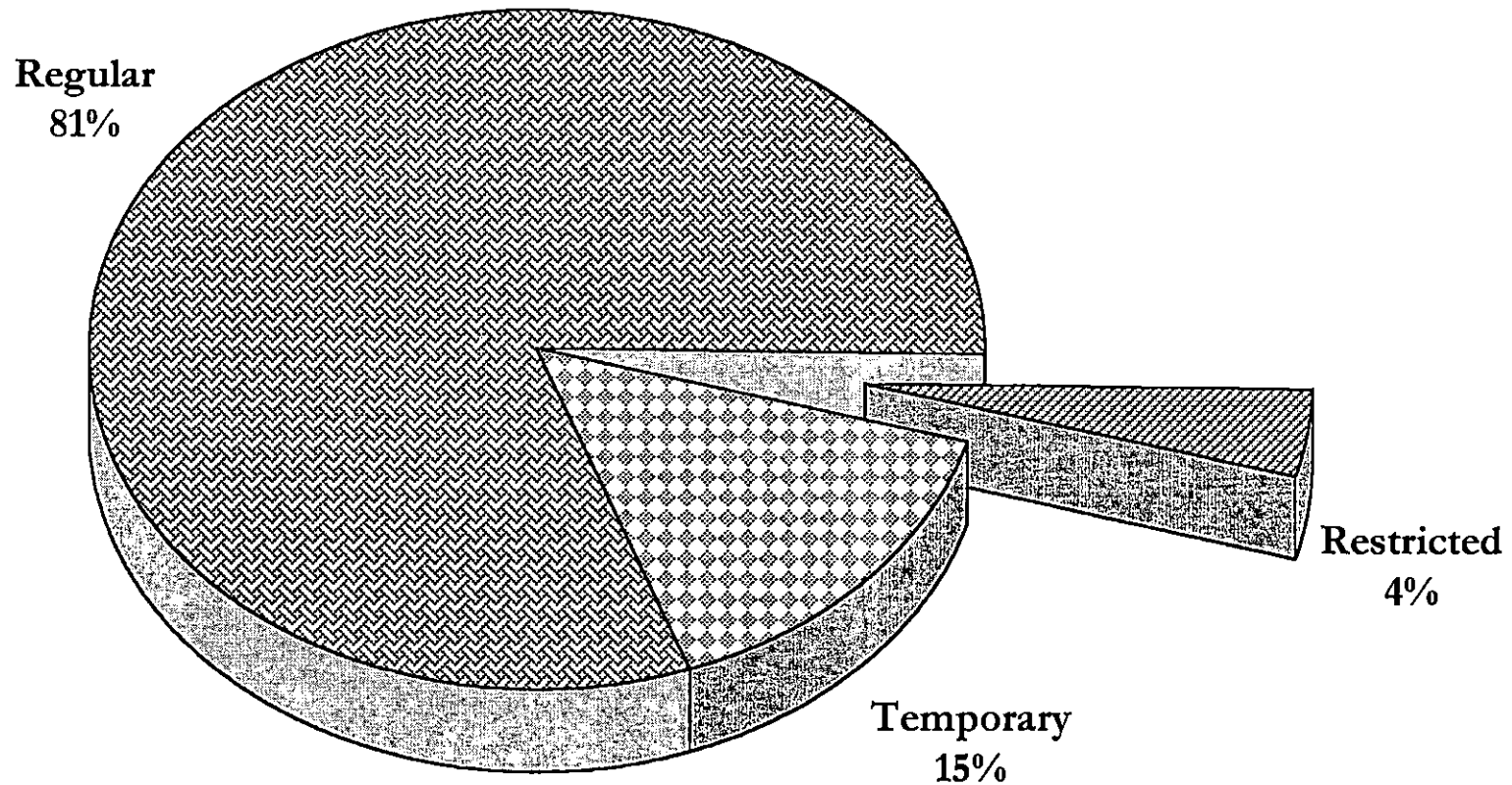
- 1) full-time and continuing part-time faculty, librarians and Executive, Administrative and Managerial employees, excluding supplemental actions not listed under Item 3, below;
- 2) full-time and continuing part-time non-classified Executive, Administrative and Managerial and Professional Staff positions (including supplemental actions);
- 3) supplemental actions for faculty acquiring managerial duties, excluding normal grant activities;
- 4) discipline;
- 5) leave of absences;
- 6) sabbaticals; and
- 7) retirements.

Recommendation:

That the Board ratify the Personnel Actions for the period November 5, 2001, through February 15, 2002.

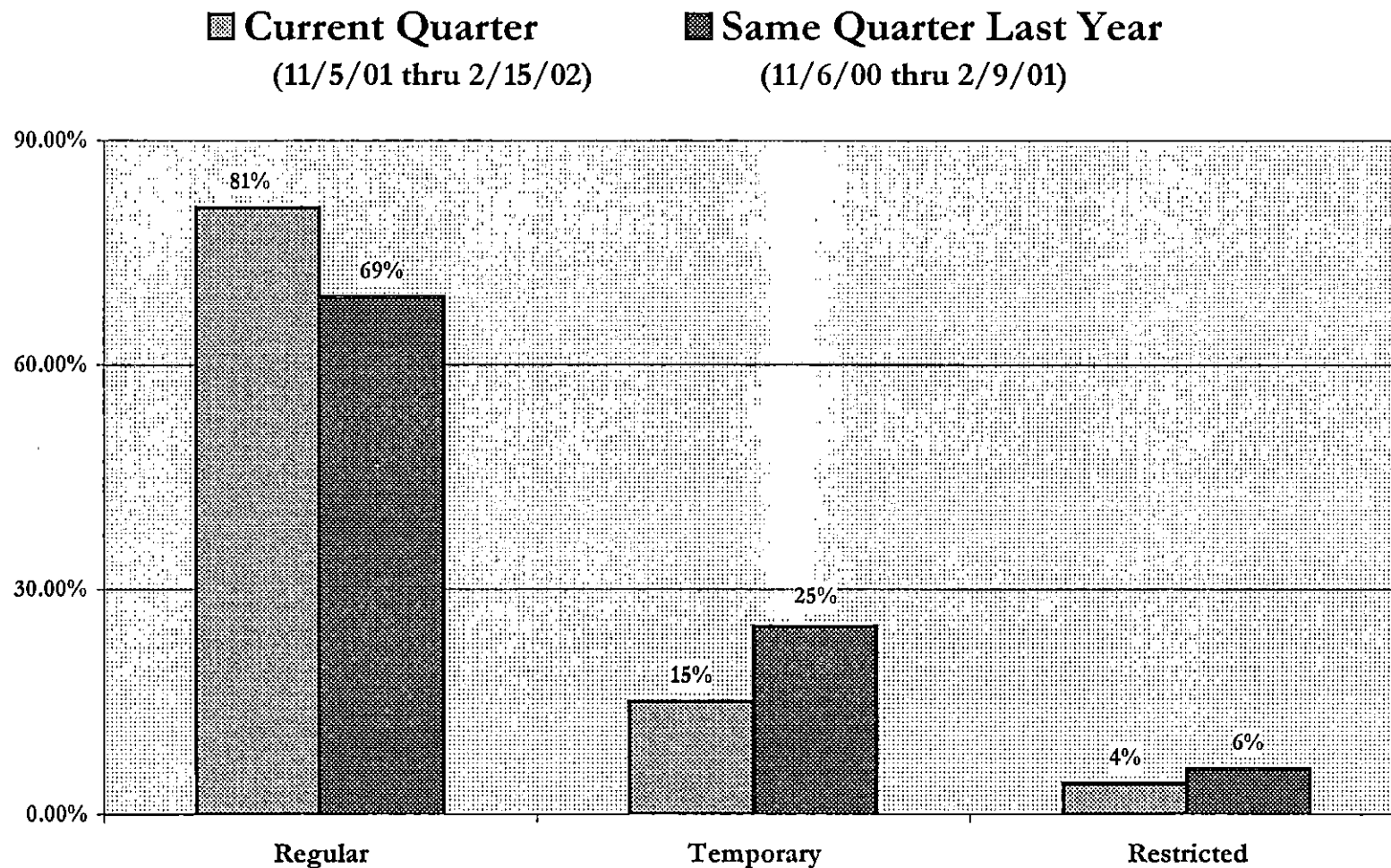
PERSONNEL ACTION REQUEST

11/5/01 thru 2/15/02



Total Number of PARs = 73

COMPARISON CHART FOR PERSONNEL ACTION REQUEST

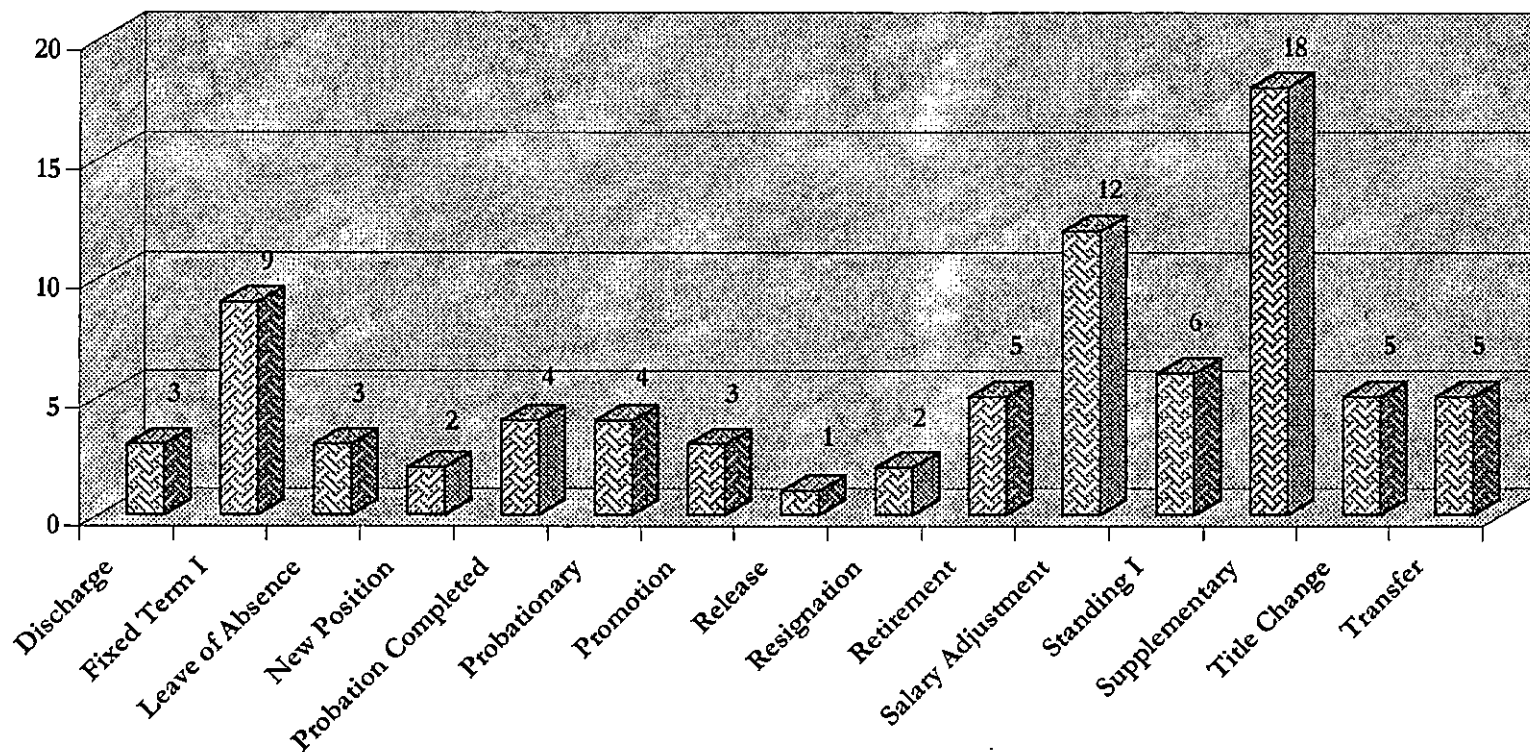


Total Number of PARs

Current Quarter = 73

Same Quarter Last Year = 67

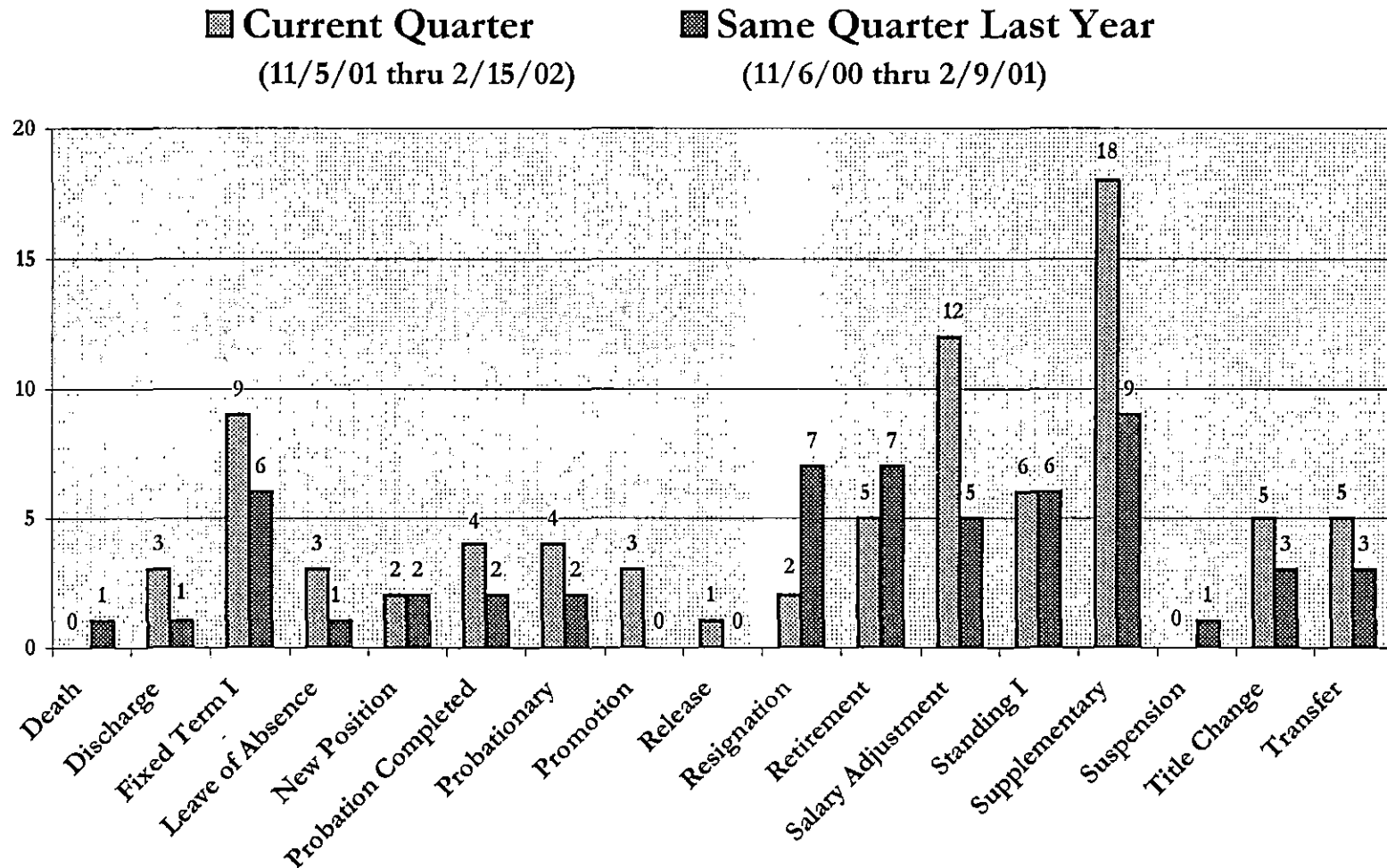
PERSONNEL ACTIONS FOR COVERED ROSTER APPOINTMENTS 11/5/01 thru 2/15/02



Total Number of PARs = 59

Total Number of Actions = 82

COMPARISON CHART FOR COVERED ROSTER APPOINTMENTS



Total Number of PARs

Current Quarter = 59

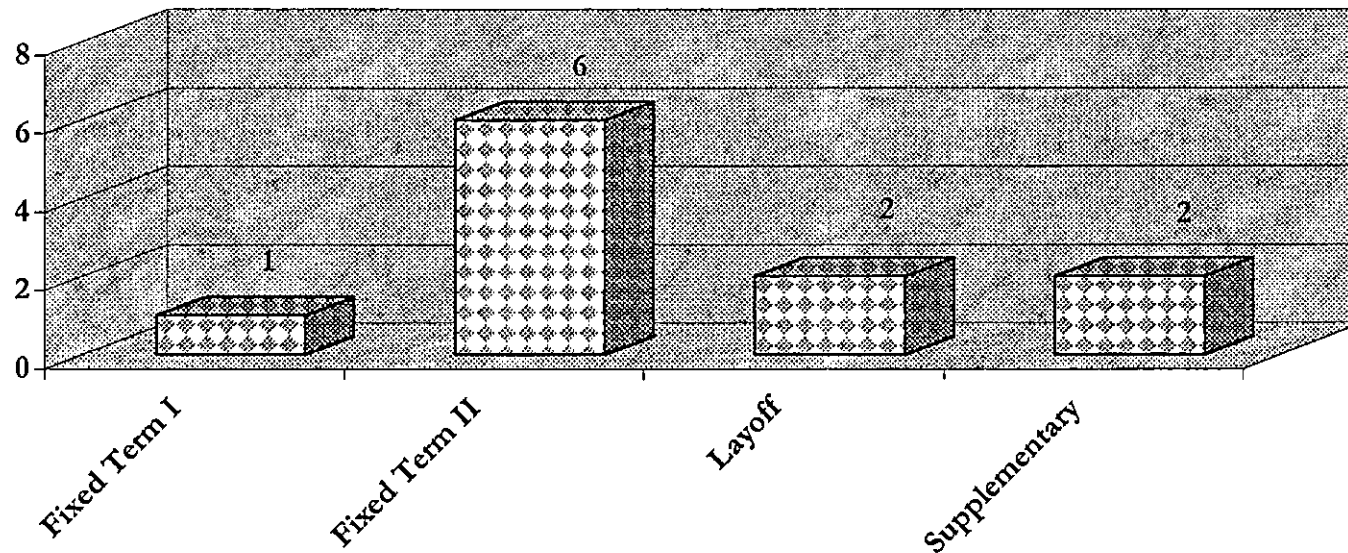
Same Quarter Last Year = 46

Total Number of Actions

Current Quarter = 82

Same Quarter Last Year = 56

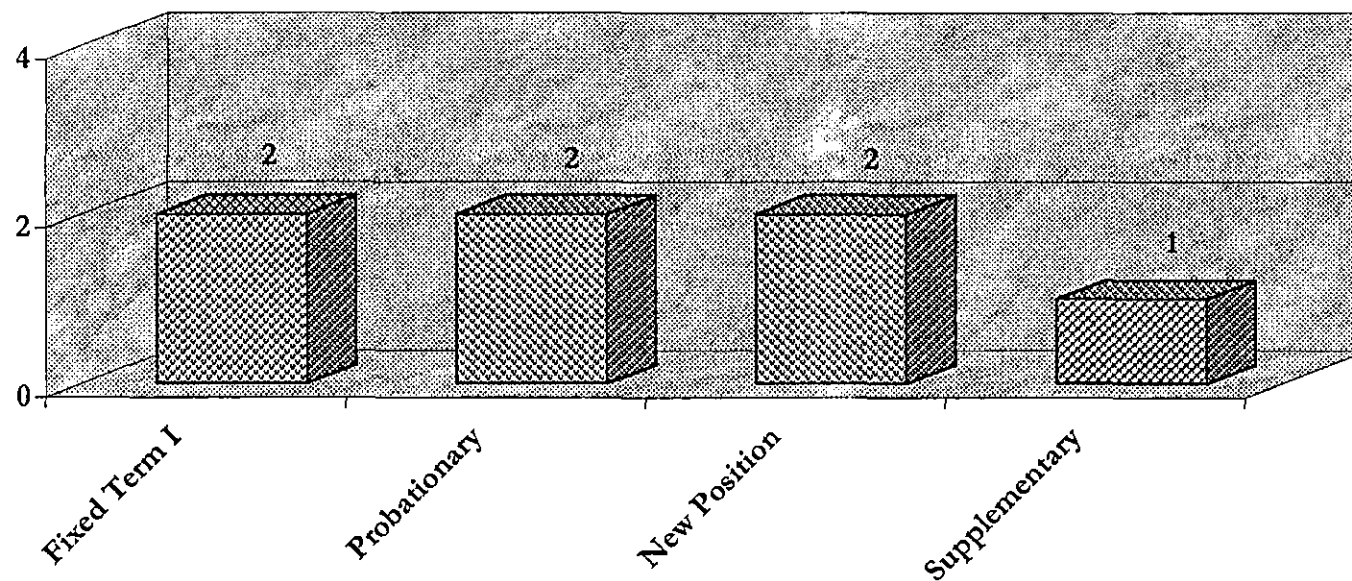
**PERSONNEL ACTIONS FOR NON-ROSTERED
TEMPORARY APPOINTMENTS**
11/5/01 thru 2/15/02



Total Number of PARs = 11

Total Number of Actions = 11

PERSONNEL ACTIONS FOR RESTRICTED APPOINTMENTS
11/5/01 thru 2/15/02



Total Number of PARs = 3

Total Number of Actions = 7

MOREHEAD STATE UNIVERSITY
STANDING I AND STANDING II POSITIONS SUMMARY
02/15/02

28

<u>DEPARTMENT NAME</u>	<u>July 1 Authorized Positions</u>	<u>Current Authorized Positions</u>	<u>+/- Position Adjustments</u>	<u>Current Position Strength</u>	<u>% Current Strength</u>
OFFICE OF THE PRESIDENT	7.00	6.00	-1.00	5.00	83.33
DIVISION OF UNIVERSITY RELATIONS	29.50	32.50	3.00	32.50	100.00
DIVISION OF DEVELOPMENT	13.00	15.00	2.00	12.00	80.00
DIVISION OF ADMINISTRATION AND FISCAL SERVICES	110.00	110.00	0.00	105.00	95.45
PHYSICAL PLANT	155.70	155.70	0.00	151.70	97.43
DIVISION OF STUDENT LIFE	119.30	125.80	6.50	125.80	100.00
DIVISION OF ACADEMIC AFFAIRS	29.00	28.00	-1.00	27.00	96.43
CAUDILL COLLEGE OF HUMANITIES	144.75	144.61	-0.14	130.61	90.32
COLLEGE OF BUSINESS	54.50	54.50	0.00	49.50	90.83
COLLEGE OF EDUCATION	81.00	87.00	6.00	75.00	86.21
COLLEGE OF SCIENCE AND TECHNOLOGY	152.60	152.60	0.00	146.60	96.07
INSTITUTE FOR REGIONAL ANALYSIS & PUBLIC POLICY	14.50	14.50	0.00	9.50	65.52
GRADUATE AND UNDERGRADUATE PROGRAMS	41.50	45.14	3.64	43.14	95.57
CAMDEN-CARROLL LIBRARY	39.50	39.50	0.00	37.00	93.67
	991.85	1010.85	19.00	950.35	94.01

NOTE: Positions are expressed in terms of full-time equivalency.

DEFINITIONS OF THE DIFFERENT KINDS OF APPOINTMENTS

- Standing I:** Appointment to a continuing full-time faculty, administrative or staff (exempt or non-exempt) position with benefits fully covered. No ending date. Appointment may be terminated, if for cause.
- Standing II:** Appointment to a continuing part-time faculty, administrative or staff (exempt or non-exempt) position with prorated sick and vacation leave. No ending date. Appointment may be terminated, if for cause.
- Fixed Term I:** Appointment to a full-time faculty, administrative or staff (exempt or non-exempt) position for at least six calendar months but not to exceed one year and with benefits fully covered. Non-faculty appointments may be renewed from year to year. Faculty appointments may be renewed from year to year but cannot exceed five academic years. Terminable on specified ending date of appointment, or earlier, if for cause.
- Fixed Term II:** Appointment to a full-time (up to six calendar months) or part-time (up to one year) faculty, administrative or staff exempt position with only mandated benefits. Terminable on specified ending date of appointment, or earlier, if for cause.
- Supplementary:** Supplementary appointment to original employment agreement. For example, Summer I & II faculty appointments or 9 month appointment extended to 10, 11, or 12 month appointment. Also used for additional responsibilities as supplement to Standing or Fixed Term appointments. For example, an administrator teaching a class or compensation for over-the-road pay. Not to be used for regular overtime pay. A supplemental appointment does not change an employee's base pay or employment status.

THE FOLLOWING ARE TYPES OF APPOINTMENTS & PERSONNEL ACTIONS
REPORTED IN THE APPOINTMENT STATUS ACTIONS SECTION:

DISCHARGE

RELEASE

FIXED TERM I

RESIGNATION

FIXED TERM II

RETIREMENT

LAYOFF

SALARY ADJUSTMENT

LEAVE OF ABSENCE

STANDING I

NEW POSITION

SUPPLEMENTARY

PROBATION COMPLETED

TITLE CHANGE

PROBATIONARY

TRANSFER

PROMOTION

Appointment Status Actions
11/05/2001 - 02/15/2002

Name
 Title
 Department
 Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
ABELL, DEBORAH Assoc VP, Acad Aff for Grad/UG Off., Undergraduate Programs 212 \$91,419.00		\$86,000.00	Standing I Promotion Transfer Salary Adjustment Title Change (From Dept. Chair & Asst. Prof. Ed. to Assoc. VP and Asst. Prof. Ed. \$15,370 incr.)	01/02/2002	
ADKINS, PALMER RAY Asst. Professor of HPER Health, P.E. & Recreation 422 \$40,848.00		\$40,848.00	Retirement	06/14/2002	
ANDERSON, PAMELA Librarian I Camden Carroll Library 667 \$29,000.00		\$29,435.00 (\$435.00 incr.)	Salary Adjustment (1.5 percent salary increase upon completion of probationary period)	11/10/2001	Roster ID # 000663
BAKER-CLARK, CHARLES ALLEN Asst. Prof. Hotel/Management Agricultural & Human Sciences 490 \$39,708.00		\$40,708.00 (\$1,000.00 incr.)	Salary Adjustment (Received doctoral degree)	01/09/2002	Roster ID # 002157

Appointment Status Actions
11/05/2001 - 02/15/2002

Name
 Title
 Department
 Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
BALLARD, D. MATT Head Football Coach Football 1135 \$78,928.00		\$78,928.00 /annual	Fixed Term I (Extension of employment)	01/01/2005 - 01/31/2005	
BLANKENSHIP, HERBERT WILLIAM Building Services Technician MSU at Ashland 3118 \$7.03/hr.		\$7.03/hr.	Discharge	12/18/2001	
CANIPE, JAMES BOYD Asst. Prof. of Adult Education Leadership & Secondary Educ. 394 \$34,238.00		\$35,238.00 (\$1,000.00 incr.)	Salary Adjustment (Received doctoral degree)	01/09/2002	Roster ID # 002157
CANNON, LYNDA K. Instructor of Education Elem. Read. & Spec. Education		\$12,000.00	Fixed Term II	01/14/2002 - 05/10/2002	Roster ID # 002892
CARLEY, MICHAEL TOLMAN Police Officer Office of Public Safety 2031 \$9.57/hr.		\$9.57/hr.	Leave of Absence (Called to active military duty. Without pay)	11/09/2001	

Appointment Status Actions
11/05/2001 - 02/15/2002

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
CEBULLA, KRISTIN JOAN Asst. Professor of Mathematics Mathematics 570 \$40,500.00		\$42,000.00	Standing I	08/12/2002	Roster ID # 002996
DANIEL, RICHARD WAYNE Interim Chair, Lead & Sec Educ Leadership & Secondary Educ. 3224 \$70,630.00		\$34,000.00	Fixed Term I	01/02/2002 - 05/30/2002	
DUNN, GARY W. Offensive Coordinator Football 1141 \$33,051.00		\$33,051.00	Fixed Term I	01/01/2002 - 12/31/2002	
EACKER, SUSAN Assoc. Professor of History Geog., Government & History 612 \$39,310.00		\$39,310.00	Retirement	11/01/2001	

Appointment Status Actions
11/05/2001 - 02/15/2002

Name
Title
Department
Roster ID

Position Base Salary	Salary	Description	Effective Date	Fund Source
EDGENS, JEFFERSON GORDON Director at MSU-Jackson MSU at Jackson 3285 \$57,000.00	\$57,000.00	Standing I Probation New Position	01/02/2002	
FIEL, RONALD L. Professor of Science Physical Sciences 590 \$68,949.00	\$68,949.00	Retirement	05/11/2002	
FOLEY, CLAIRE A. Assistant Professor of English English,Foreign Lang. & Phil. 2629 \$38,397.00	\$38,397.00	Leave of Absence (Without pay)	01/09/2002 - 05/15/2002	
GIBSON, DWAYNE ALAN Instructor of CIS Information Systems 3108 \$30,000.00	\$30,000.00	Discharge	12/15/2001	

Appointment Status Actions
11/05/2001 - 02/15/2002

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
GILLIAM, JOHN WILLIAM Defensive Coordinator Football 2532 \$42,709.00		\$42,709.00	Fixed Term I	01/01/2002 - 12/31/2002	
HARRIS, G. EDWARD Asst. Prof. Business Inf. Sys. Information Systems 3303 \$74,000.00		\$72,000.00	Standing I	01/09/2002	
HAYES, ROBERT THOMAS Dept. Chair, Ind. Educ. & Tech Ind. Educ. & Technology 258 \$65,298.00		\$65,298.00	Retirement	06/30/2002	
HENNEBERG, SYLVIA Assistant Professor of English English, Foreign Lang. & Phil. 491 \$36,441.00		\$36,441.00	Leave of Absence (Without pay)	01/01/2002 - 08/16/2002	

Appointment Status Actions
11/05/2001 - 02/15/2002

Title

Roster ID

Salary

Effective Date

Fund Source

Roster ID # 000612

(Received doctoral

degree)

\$37,125.00

Roster ID # 000612

Geog., Government & History

01/22/2002

Probation

New Position

\$70,000.00

07/01/2002

Salary Adjustment

Title Change

(From Dept. Chair to

Assoc. Prof. of Radio-TV)

Roster ID # 002996

Information Systems

\$51,949.00

Appointment Status Actions

11/05/2001 - 02/15/2002

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

LEMASTER, Nanci Gail
Instructional Designer
Adult Education Academy

\$48,000.00/annual

Fixed Term I
Probation
New Position

02/11/2002 - 06/30/2002

Restricted

LITTLE, Jennifer Lynn
Librarian II
Camden Carroll Library
663

\$33,000.00

Probation Completed

02/02/2002

\$33,000.00

MASCLE, Deanna Marie
Instructor of English
English, Foreign Lang. & Phil.

\$12,500.00

Fixed Term II

01/14/2002 - 05/10/2002

Roster ID # 002629

MASON, Patrick Samuel
Instructor of Industrial Tech.
Ind. Educ. & Technology
268
\$42,000.00

\$18,000.00

Fixed Term I
Transfer
Salary Adjustment
Title Change
(From Tech. Cons. II,
Information Tech. to
Instr. of Ind. Ed, IET)

01/09/2002 - 05/10/2002

MINCEY, David Michael
Vice Pres. for Student Life
Off., VP Student Life
48

\$101,000.00

Retirement

06/30/2002

\$101,000.00

Appointment Status Actions
11/05/2001 - 02/15/2002

Name
Title
Department
Roster ID

Position	Base Salary	Salary	Description	Effective Date	Fund Source
MOORE, ZACHARY ALAN Assistant Football Coach Football 2284 \$25,455.00		\$26,219.00/annual	Fixed Term I Probation Transfer Salary Adjustment Title Change Promotion (From Res. Hall Dir., Student Housing to Asst. Football Coach, Football. \$6,332 incr.)	02/02/2002 - 12/31/2002	Opening Bud-Undist.
O'CHAROEN, VEEKIT Asst. Prof. Industrial Tech. Ind. Educ. & Technology 268 \$42,000.00		\$42,000.00	Resignation	12/15/2001	
OLDFIELD, MARY ALICE Instructor of Education Elem. Read. & Spec. Education		\$12,000.00	Fixed Term II	01/14/2002 - 05/10/2002	Roster ID # 000374
PETERS, GERALDINE ESL Teacher English Language Center		\$24,502.00	Layoff	12/28/2001	

Appointment Status Actions

11/05/2001 - 02/15/2002

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

POWELL, MADELINE

Instructor of Education

Elem. Read. & Spec. Education

\$12,000.00

Fixed Term II

01/14/2002 - 05/10/2002

Roster ID # 000381

ROBINSON, LEA

Assistant Basketball Coach

Women's Basketball

650

\$35,000.00

\$35,000.00

Probation Completed

12/29/2001

ROLLAND, SUSANNE MOSTELLER

Assoc. Professor Social Work

Sociology, Social Work & Crim.

2194

\$43,099.00

\$47,888.00

(\$4,789.00 incr.)

Salary Adjustment
(From 9 months to
10 months)

01/01/2002

Roster ID # 002819

RYAN, PAMELA ANN

Instructor of Philosophy

English, Foreign Lang. & Phil.

\$12,500.00

Fixed Term II

01/14/2002 - 05/10/2002

Roster ID # 002676

Roster ID # 002629

SOLIS, KATINA MARLENE

Library Adm./Public Serv. Spec

Camden Carroll Library

688

\$7.73/hr.

\$7.73/hr.

Release

02/06/2002

Appointment Status Actions
11/05/2001 - 02/15/2002

Title

Roster ID

Salary

Effective Date

Restricted

01/01/2002

Roster ID # 000385

01/01/2002 - 12/31/2002

Appointment Status Actions

11/05/2001 - 02/15/2002

Name

Title

Department

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

TENYER, ROBERT J.

\$31,327.00 /annual

Fixed Term I

01/21/2002 - 12/31/2002

Coord., Recruiting

Probation

Football

Salary Adjustment

1137

Title Change

\$31,327.00

Transfer

Promotion

(From Asst. Football

Coach to Coord.,

Recruiting. From \$26,219
to \$31,327. \$5,108 incr.)

TROSPER, JAMES DAVID

\$31,327.00

Fixed Term I

01/01/2002 - 12/31/2002

Coord., Recruiting

Football

1137

\$31,327.00

TROSPER, JAMES DAVID

\$31,327.00

Resignation

01/19/2002

Coord., Recruiting

Football

1137

\$31,327.00

TURNER, MARVIN CHRISTOPHER

\$23,788.00

Layoff

12/28/2001

ESL Teacher

English Language Center

Appointment Status Actions

Title

Roster ID

Position Base Salary

Salary

Description

Effective Date

Fund Source

VANCE, JASON MATTHEW

\$30,000.00

Probation Completed

12/08/2001

Librarian I

Camden Carroll Library

679

\$30,000.00

VANCE, JASON MATTHEW

\$30,450.00

Salary Adjustment

12/08/2001

Roster ID # 000663

Librarian I

Camden Carroll Library

679

\$30,000.00

(1.5 percent salary increase upon completion of probationary period)

WHITE, MAURICE F.

\$54,000.00

Probation Completed

01/15/2002

English Language Center Dir.

English Language Center

3331

\$54,000.00

WRIGHT, TIMOTHY J.

\$9.44/hr.

Discharge

02/04/2002

Police Telecommunicator/TAC

Office of Public Safety

319

\$9.44/hr.

THE FOLLOWING IS THE TYPE OF PERSONNEL ACTION REPORT
IN THE SUPPLEMENTAL ACTIONS SECTION:

SUPPLEMENTARY

Total for this report = \$24,957.00

Managerial Duties	\$7,866.00
Over The Road	\$611.00
Teaching	\$10,566.00
Other	\$5,914.00

11/05/2001 - 02/15/2002

WILLIS, MELINDA R.	\$2,866.00	Site Dir., Reading Recov.	08/01/2001 - 07/31/2002	Restricted
Assoc. Professor of Education				
\$43,380.00				

Supplemental Actions
11/05/2001 - 02/15/2002

Name				
Title				
Current Salary	Supplement	Description	Effective Date	Fund Source
<u>Elem. Read. & Spec. Education</u>				
WILLIS, WAYNE	\$5,000.00	Asst. to Dean, Col. Ed.	08/06/2001 - 12/14/2001	Roster ID # 002996
Professor of Education	\$5,000.00	Asst. to Dean, Col. Ed.	01/03/2002 - 05/31/2002	Roster ID # 000212
\$54,180.00				
<u>Health, P.E. & Recreation</u>				
BREEDEN, WAYNE T.	\$1,800.00	Teach 3 hrs.	01/14/2002 - 05/10/2002	Lecturer Acct.
Assistant Basketball Coach				
\$45,185.00				
45 DUNN, GARY W.	\$600.00	Teach 1 hr.	10/15/2001 - 12/14/2001	Roster ID # 000366
Offensive Coordinator	\$600.00	Teach 1 hr.	01/14/2002 - 05/10/2002	Lecturer Acct.
\$33,051.00				
TENYER, ROBERT J.	\$1,800.00	Teach 3 hrs.	08/20/2001 - 12/14/2001	Roster ID # 002157
Coord., Recruiting	\$600.00	Teach 1 hr.	01/14/2002 - 05/10/2002	Lecturer Acct.
\$31,327.00				
TROSPER, JAMES DAVID	\$600.00	Teach 1 hr.	08/20/2001 - 12/14/2001	Roster ID # 002157
Coord., Recruiting	\$41.00	Conducted two classes	01/14/2002 - 01/18/2002	Lecturer Acct.
\$31,327.00				

Supplemental Actions
11/05/2001 - 02/15/2002

Name

Title

Current Salary

Supplement

Description

Effective Date

Fund Source

Agricultural & Human Sciences

SAMPLEY, MARILYN Y.	\$3,906.00	Reassigned Time	06/01/2001 - 06/30/2001	Summer School
Asst. Dean, Science & Tech.	\$3,906.00	Teach Summer I	06/04/2001 - 06/15/2001	Summer School
\$74,751.00	\$100.00	Teach Summer I	06/04/2001 - 06/08/2001	Over The Road Acct.
	\$3,936.00	Teach Summer II	07/01/2001 - 07/31/2001	Summer School
	\$1,968.00	Teach Summer II	07/01/2001 - 07/13/2001	Summer School
	\$1,968.00	Teach Summer II	06/18/2001 - 06/29/2001	Summer School
	\$1,500.00	Distance Learning Wksp.	08/20/2001 - 12/07/2001	Roster ID # 002996

Psychology

FOX, AMY JO	\$1,800.00	Teach 3 hrs.	08/20/2001 - 12/14/2001	Roster ID # 003307
Medical Dept. Psychologist	\$110.00	Over the Road	08/20/2001 - 12/14/2001	Over The Road Acct.
\$51,100.00	\$1,800.00	Teach 3 hrs.	01/14/2002 - 05/10/2002	Lecturer Acct.
	\$110.00	Over the Road	01/14/2002 - 05/10/2002	Over The Road Acct.

Inst. Region. Anal. Pub. Pol.

RUDY, DAVID R.	\$1,625.00	KY Homeless Survey Grant	05/01/2001 - 06/30/2001	Restricted
Dean Inst Reg Anal & Pub Pol	\$2,600.00	KY Homeless Survey Grant	11/12/2001 - 12/07/2001	Restricted
\$102,698.00				

Academic Outreach & Support

MCCORMICK, BEVERLY JOYCE	\$600.00	KY Core Real Estate	11/07/2001 - 11/07/2001	Unbudgeted Revenues
Asst. VP for Academic Affairs				
\$77,220.00				

Supplemental Actions

11/05/2001 - 02/15/2002

Name

Title

Current Salary

Supplement

Description

Effective Date

Fund Source

Office of Continuing Education

LEWIS, MARGARET	\$1,800.00	Teach 3 hrs.	08/20/2001 - 12/14/2001	Roster ID # 000606
Director, MSU @ Prestonburg	\$1,800.00	Teach 3 hrs.	08/20/2001 - 12/14/2001	Lecturer Acct.
\$72,550.00	\$264.00	Over the Road	08/20/2001 - 12/14/2001	Over The Road Acct.
	\$325.00	Continuing Education	08/20/2001 - 09/18/2001	Operating Expenses
	\$650.00	Continuing Education	11/30/2001 - 12/15/2001	Operating Expenses
	\$1,800.00	Teach 3 hrs.	01/14/2002 - 05/10/2002	Lecturer Acct.
	\$650.00	Continuing Education	01/25/2002 - 02/16/2002	Operating Expenses

Beg. TIP (Educat. Serv. Unit)

BLAIR, SHIRLEY S.	\$5,000.00	PT3 Grant	06/11/2001 - 05/31/2002	Restricted
Dir., Educational Service Unit	\$248.00	KTIP trainings	06/21/2001 - 06/21/2001	Restricted
\$62,891.00	\$1,239.00	5 KTIP trainings	07/11/2001 - 07/23/2001	Restricted
	\$744.00	Lead Trainers training	07/22/2001 - 07/27/2001	Restricted
	\$496.00	2 KTIP trainings	08/02/2001 - 08/06/2001	Restricted
	\$248.00	1 KTIP training	08/09/2001 - 08/09/2001	Restricted
	\$700.00	Teach MSU 101	08/20/2001 - 11/15/2001	Lecturer Acct.
	\$248.00	1 KTIP training	10/13/2001 - 10/13/2001	Restricted
	\$55.00	Over the Road	08/20/2001 - 12/14/2001	Over The Road Acct.
	\$227.00	5 KTIP visits	11/05/2001 - 02/07/2002	Restricted

**ACCEPT SECOND QUARTER
FINANCIAL REPORT AND
AMEND OPERATING BUDGET**

**BOR (VIII-A-7)
March 16, 2002**

Background:

The University has a statutory requirement to furnish quarterly financial reports to the Board of Regents. Financial statements have been prepared as of December 31, 2001, the second quarter of the fiscal year ending June 30, 2002. The statements, along with management's discussion and analysis and budget amendment information are attached.

Recommendation:

That the Board accept the financial statements and amend the operating budget for the second quarter of the fiscal year that will end June 30, 2002.

Management's Discussion and Analysis
Second Quarter Financial Statements
Morehead State University
December 31, 2001

This discussion and analysis of Morehead State University's financial statements provides an overview of the University's financial activities for the six months that ended on December 31, 2001. The statements and this discussion and analysis have been prepared by Administration and Fiscal Services staff.

Using These Financial Statements

This report consists of two basic financial statements. The Statements of Net Assets includes information about the assets, liabilities and net assets, or fund balances, of the entire University. The Statements of Revenues, Expenditures and Changes in Fund Balance provides information about the unrestricted current funds revenues, expenditures and transfers of the University. The statements are prepared on an accrual basis and reflect the results of all transactions that affect the financial status of Morehead State University.

Financial Highlights

Morehead State University's financial picture remains stable through the second quarter of the 2001-2002 fiscal year. During the period July 1, 2001 through December 31, 2001 the University operated with a surplus of revenues over expenditures and transfers in the amount of \$17,405,748. This level of operating surplus is expected at this time, since most of the billings for the Spring 2002 semester are reflected in the tuition and fees revenue and only expenditures through December 31, 2001 are reflected, and will be more evenly reflected during the fiscal year. As the year progresses, the variance between revenues and expenditures will decrease and should reflect a more appropriate operating surplus or deficit.

Since the Board ratified the University's 2002-2004 Biennial Budget request in November 2001, as proposed by the Council on Postsecondary Education, we have been officially apprised of the following reduction in states appropriations:

	2001/2002	2002/2003
Base Operating Budget (2%)	\$768,600	\$768,600
Operations and Maintenance Funding	\$101,800	0
Incentive Trust Funds (2%)	\$35,110	0
Total	\$905,510	\$768,600

Significant trends and variances for the six months are summarized as follows:

- Investments increased approximately \$14 million from the second quarter of the previous year. However the total is consistent with the amounts at June 30, 2001.
- Accounts receivable have remained stable as a whole compared to December 31, 2000.
- The net investment in capital assets has increased about \$15.3 million since December 31, 2000. This increase relates to the Breckinridge Hall renovation (about \$7 million), MSU at West Liberty Center (about \$4 million), Life Safety

projects and Renovation of Family Housing (about \$2 million), and internally managed projects such as E & G Facilities, elevators, roof repairs, etc. (about \$4 million) less estimated depreciation, for a net increase of about \$15.3 million.

- The percentage of revenue assessments compared to budget projections appears to be in line with expectations through the second quarter of a fiscal year, considering that most tuition, fee and housing revenues had been billed as of December 31, 2001. Budgets for the major revenue categories of tuition and housing were based on projections of enrollment and residence hall occupancy. Fall semester projections for both these categories were exceeded.
- Expenditure trends also appear to be proceeding according to the budget plan, considering normal cyclical and timing differences.

MOREHEAD STATE UNIVERSITY

Statements of Net Assets December 31, 2001 and 2000

ASSETS	<u>2001</u>	<u>2000</u>
Cash	\$20,865,722	\$12,805,340
Investments in US government obligations-at cost	22,571,939	8,339,161
Accounts Receivable	18,059,085	18,009,690
Inventories	2,004,609	1,861,365
Notes Receivable	3,380,373	3,549,528
Land, Buildings, Equipment and Library Collection- net of depreciation	<u>110,309,640</u>	<u>95,012,806</u>
TOTAL ASSETS	<u>\$177,191,368</u>	<u>\$139,577,890</u>
 LIABILITIES AND NET ASSETS		
Liabilities		
Accounts payable	\$2,119,500	\$564,275
Accrued salaries and other liabilities	1,091,324	1,374,412
Unearned revenues-state and federal grants	636,650	351,931
Deposits	1,456,254	1,006,320
Accrued vacation pay	956,349	1,344,388
Bonds and notes payable	<u>27,928,935</u>	<u>30,858,721</u>
Total Liabilities	<u>\$34,189,012</u>	<u>\$35,500,047</u>
Net Assets		
Capital	\$82,380,705	\$64,154,085
Non-capital		
Restricted	26,376,520	10,968,701
Non-restricted	<u>34,245,131</u>	<u>28,955,057</u>
Total Net Assets	<u>\$143,002,356</u>	<u>\$104,077,843</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$177,191,368</u>	<u>\$139,577,890</u>
 ANALYSIS OF NON-RESTRICTED FUND BALANCE		
Allocations		
Working Capital		
Accounts Receivable	\$11,535,490	\$11,192,506
Inventories	2,004,609	1,861,365
Cashier's Operating Funds	128,500	105,000
Budgeted Fund Balance-Capital Projects	5,545,355	4,844,967
Budgeted Fund Balance-Non-capital Projects	<u>4,268,062</u>	<u>2,425,630</u>
Total Working Capital	<u>\$23,482,016</u>	<u>\$20,429,468</u>
Funded Reserves	<u>\$1,394,900</u>	<u>\$931,073</u>
Total Allocated Fund Balance	\$24,876,916	\$21,360,541
Unallocated Fund Balance	<u>2,368,215</u>	<u>7,594,516</u>
Total Unrestricted Fund Balance	<u>\$34,245,131</u>	<u>\$28,955,057</u>

See Attached Notes To Statements of Net Assets - Entity Wide Perspective

NOTES TO STATEMENTS OF NET ASSETS
MOREHEAD STATE UNIVERSITY
DECEMBER 31, 2001 AND 2000

1. These Statements of Net Assets include the unrestricted current funds, restricted current funds, endowment funds, and plant funds of the University. Agency funds held for others are not included.
2. Accounts receivable are shown net of allowance for uncollectible student accounts of \$786,151 at December 31, 2001, and \$224,532 at December 31, 2000. Also included in this category is the sum of \$1,830,991 receivable from federal and state grant agencies at December 31, 2001 and \$9,525,986 at December 31, 2000.
3. Notes receivable represent balances owed the University from borrowers who have participated in the National Direct Student Loan Program and the Nursing Student Loan Program. The balances are presented net of allowances for uncollectible accounts in the amount of \$151,885 at December 31, 2001 and \$157,779 at December 31, 2000.
4. Accumulated depreciation on buildings and equipment was \$87,644,972 at December 31, 2001 and \$84,221,106 at December 31, 2000.
5. Accrued salaries and other liabilities include amounts due for withheld and matching portions of payroll taxes and estimated claims payable but unsubmitted to the University's health insurance program.
6. Unearned revenues from federal and state grants represent amounts received but not expended at the balance sheet dates.
7. Bonds and notes payable include both the current and long-term portions of amounts borrowed to finance the purchase of plant assets.
8. The capital portion of the net assets balance is the equity the University has in land, buildings, equipment, and library holdings.
9. Restricted net assets include the fund balances of the restricted current funds, endowment funds, loan funds, and expendable plant funds.

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Six Months Ended December 31, 2001 and 2000

	2001-2002			2000-2001		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
REVENUES						
Educational and General						
Tuition and Fees	\$ 24,516,815	\$23,761,344	96.92%	\$ 21,798,200	\$ 20,655,923	94.76%
Gov't Appropriations	42,717,448	24,211,844	56.68%	40,326,200	23,844,799	59.13%
City Grants	50,000	50,000		0	0	
Unrestricted Gifts	0	0		0	0	
Indirect Cost Reimbursement	346,000	300,515	86.85%	306,492	148,189	48.35%
Sales & Services of Ed. Activities	1,165,888	668,893	57.37%	1,031,176	723,865	70.20%
Other Sources	1,510,120	958,324	63.46%	1,596,276	1,116,640	69.95%
Budgeted Fund Balance - E & G	8,013,287	0		5,759,497	0	
Total Educational and General	\$ 78,319,558	\$49,950,920	63.78%	\$ 70,817,841	\$ 46,489,416	65.65%
Auxiliary Enterprises						
Housing	\$ 8,637,150	\$ 6,386,568	73.94%	\$ 7,857,400	\$ 5,752,153	73.21%
University Store	3,150,000	2,132,521	67.70%	2,925,000	1,876,222	64.14%
Food Services	608,500	371,826	61.11%	594,000	350,716	59.04%
Other	207,600	118,333	57.00%	170,000	106,980	62.93%
Total Auxiliary Enterprises	\$ 12,603,250	\$ 9,009,248	71.48%	\$ 11,546,400	\$ 8,086,071	70.03%
TOTAL REVENUES	\$ 90,922,808	\$58,960,168	64.85%	\$ 82,364,241	\$ 54,575,487	66.26%

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Statements of Revenues, Expenditures and Changes in Fund Balance
For the Six Months Ended December 31, 2001 and 2000

	2001-2002			2000-2001		
	Amended Budget	Actual	Percent of Actual to Budget	Amended Budget	Actual	Percent of Actual to Budget
EXPENDITURES AND TRANSFERS BY DIVISION						
Educational & General						
President & Administration	\$ 759,270	\$ 337,027	44.39%	\$ 1,360,839	\$ 686,990	50.48%
University Relations	1,940,735	891,778	45.95%	1,355,182	632,292	46.66%
Development	834,743	322,525	38.64%	0	0	
Administration & Fiscal Services	11,891,472	6,500,701	54.67%	10,837,600	5,649,839	52.13%
Student Life	11,725,305	6,085,401	51.90%	10,691,203	7,330,345	68.56%
Academic Affairs	40,227,492	17,460,127	43.40%	36,492,514	15,435,164	42.30%
Other	10,479,697	4,040,887	38.56%	10,127,024	5,472,796	54.04%
Total Educational & General	\$ 77,858,714	\$ 35,638,446	45.77%	\$ 70,864,362	\$ 35,207,426	49.68%
Auxiliary Enterprises						
Housing	\$ 9,353,880	\$ 3,720,884	39.78%	\$ 8,011,526	\$ 2,846,095	35.53%
University Store	2,844,776	1,764,038	62.01%	2,641,329	1,647,186	62.36%
Food Services	416,730	215,347	51.68%	426,681	203,532	47.70%
Other	448,708	215,705	48.07%	420,342	190,508	45.32%
Total Auxiliary Enterprises	\$ 13,064,094	\$ 5,915,974	45.28%	\$ 11,499,878	\$ 4,887,321	42.50%
TOTAL EXPENDITURES AND TRANSFERS BY DIVISION	\$ 90,922,808	\$ 41,554,420	45.70%	\$ 82,364,240	\$ 40,094,747	48.68%
NET CHANGE IN FUND BALANCE		\$ 17,405,748			\$ 14,480,740	

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period October 1, 2001 to December 31, 2001

Description	Opening Budget	Amended Budget As Of 10/01/2001	Adjustments	Amended Budget As Of 12/31/2001
Revenues and Other Additions				
Tuition and Fees	\$24,013,500	\$24,013,865	\$ 502,950	\$24,516,815
Government Appropriations	41,420,900	42,541,421	176,027	42,717,448
Government Grants & Contracts	50,000	50,000	-	50,000
Indirect Cost Reimbursement	346,000	346,000	-	346,000
Sales and Services of Ed. Activities	1,063,000	1,144,729	21,159	1,165,888
Other Sources	1,408,200	1,474,259	35,861	1,510,120
Budgeted Fund Balance - E&G	6,702,100	6,859,759	1,153,528	8,013,287
Auxiliary Enterprises	10,723,300	10,736,300	-	10,736,300
Budgeted Fund Balance - AUX	1,670,000	1,670,000	196,950	1,866,950
Total Revenues and Other Additions	\$87,397,000	\$88,836,333	\$ 2,086,475	\$90,922,808
Expenditure Authorizations by Division				
Educational & General				
President & Administration	\$ 679,207	\$ 689,228	\$ 70,042	\$ 759,270
University Relations	1,673,182	1,810,609	130,126	1,940,735
Development	728,041	788,193	46,550	834,743
Administration & Fiscal Services	11,093,427	11,630,671	260,801	11,891,472
Student Life	11,669,470	11,604,113	121,192	11,725,305
Academic Affairs	38,293,534	39,857,589	369,903	40,227,492
Debt Service & Mandatory Transfers	2,326,666	2,354,588	(23,014)	2,331,574
Other	8,262,742	7,261,596	886,527	8,148,123
Total Educational & General	\$74,726,269	\$75,996,587	\$ 1,862,127	\$77,858,714
Auxiliary Enterprises				
Administration & Fiscal Services	\$ 7,310,711	\$ 7,322,711	\$ 98	\$ 7,322,809
Student Life	750,256	899,236	27,300	926,536
Debt Service	2,639,764	2,639,764	-	2,639,764
Other	1,970,000	1,978,035	196,950	2,174,985
Total Auxiliary Enterprises	\$12,670,731	\$12,839,746	\$ 224,348	\$13,064,094
Total Expenditure Authorizations	\$87,397,000	\$88,836,333	\$ 2,086,475	\$90,922,808

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period October 1, 2001 to December 31, 2001
Notes of Significant Adjustments to Revenue and Other Additions

Tuition and Fees

As a result of increased health insurance costs, the University increased its contribution for each full-time faculty and staff member with effective coverage on January 1, 2002. The contribution rate varies based on the health insurance plan selected by the employee. Excess unbudgeted tuition revenue totalling \$502,950 was allocated to health insurance budgets as follows:

- \$ 3,510 President and Administration
- \$ 14,370 University Relations
- \$ 2,430 Development
- \$155,110 Administration and Fiscal Services
- \$ 58,810 Student Life
- \$268,720 Academic Affairs

Government Appropriations

Unbudgeted revenue allocated during the second quarter totalled \$176,027.

- MSU is to receive \$1,435,000 in FY02 from the CPE Action Agenda Trust Fund. During the second quarter, \$175,427 was allocated as follows:
 - \$30,833 Academic Affairs
 - \$39,208 Student Life
 - \$80,386 University Relations
 - \$25,000 Development

Budgeted Fund Balance – E&G

Budget allocations from fund balance for E&G purposes totalled \$1,153,528 in the second quarter.

- \$ 50,000 Raze houses in the ADUC site
- \$100,000 Razing and land realignments of Holbrook houses
- \$ 40,000 James parking lot development
- \$553,500 Space Science Center antenna relocation
- \$229,805 White's Trailer Park land realignment
- \$ 43,577 Cultural diversity initiatives
- \$ 23,518 Environmental assessments and clean-ups
- \$ 2,128 Institutional scholarships
- \$ 35,000 SBA grant match requirement
- \$ 26,000 University Swimming Pool equipment and furnishings
- \$ 50,000 WOCS radio antenna relocation

MOREHEAD STATE UNIVERSITY
Unrestricted Current Funds
Budget Amendments
For the Period October 1, 2001 to December 31, 2001
Notes of Significant Adjustments to Revenue and Other Additions

Budgeted Fund Balance – Auxiliary

Budget allocations from fund balance for auxiliary purposes totalled \$196,950 in the second quarter.

- \$100,000 Raze Lakewood Terrace units
- \$ 50,000 Precast anchoring at Nunn Hall
- \$ 46,950 Refurbishment of coolers/freezers in Food Services

MOREHEAD STATE UNIVERSITY
Budget Amendments Greater Than \$200,000
For the Period October 1, 2001 to December 31, 2001

From: Revenue and Other Additions	To: Division/ Budget Unit	Amount	Description
Tuition and Fees	Health insurance budgets in all divisions	\$ 502,950	Excess unbudgeted tuition revenue was transferred to health insurance budgets in all divisions. Due to increased health insurance costs, the University increased its contribution for each full-time employee. The contribution rate varied by employee based on the health insurance plan selected. Since insurance premiums are paid in the month prior to the effective coverage date, our increased contribution expenditures are reflected in December, 2001 for effective coverage to begin January 1, 2002. Therefore, the transfer of funds was recorded in the second quarter.
Budgeted Fund Balance - E&G	Non-Mandatory Transfers	\$ 553,500	Funds were allocated for the Space Science Center antenna project as follows: \$ 20,000 Surveying cost \$ 49,000 Road engineering \$ 330,000 Road construction \$ 100,000 Electric to site C \$ 20,000 Fencing for Support Services \$ 25,000 Renovation of 2 Lakewood Duplexes \$ 9,500 Environmental impact study
Budgeted Fund Balance - E&G	Non-Mandatory Transfers	\$ 229,805	An additional \$229,805 was allocated for the White's Trailer Park land realignment project. The total allocation to this project is \$329,805.

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of October 1, 2001 to December 31, 2001

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
I Equipment Purchases Greater than \$100,000			
None			
II Capital Construction Projects/ Land Acquisitions Greater than \$200,000			
1998-00 Deferred Maintenance and Government Mandates Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Elevator Upgrades/Installation (RH, LC, CY)	\$ 350,000	March, 2001	Completed
Fire Alarm Upgrades/Replacement	150,000	October, 2000	Completed
Mechanical System Replacements (AA, ADUC)	250,000	January, 2001	Completed
Window Replacement (BM)	150,000	August, 2001	Completed
Window Replacement (CB)	300,000	July, 2000	Completed
Window Replacement (LC)	150,000	August, 2000	Completed
Dam Restoration	800,000		In Progress
	<u>\$ 2,150,000</u>		
Lakewood Terrace Family Housing Complex	\$ 4,000,000		In Progress
MSU Network Project Phase VI (FY 01/02)	\$ 250,000		In Progress
Residence Halls - Sprinkler Installation & Other Fire Safety Projects			
Project II - 2000	\$ 1,580,000		In Progress
Project III - 2001	980,000	August, 2001	Completed
Project IV - 2002	800,000		In Design
Project V - 2003	3,000,000		Scheduled
	<u>\$ 6,360,000</u>		

MOREHEAD STATE UNIVERSITY
Capital Outlay Status Report
Agency Funds
For the Period of October 1, 2001 to December 31, 2001

	<u>Estimated Project Scope</u>	<u>Completion Date</u>	<u>Project Status</u>
2000-02 Capital Renewal and Maintenance Pool			
(Commonwealth of Kentucky is funding 50 percent of the total cost of the projects)			
Life Safety - E&G	\$ 200,000		In Progress
1990 Clean Air Act Compliance - E&G			
Claypool-Young Chiller Replacement	135,000	August, 2000	Completed
Ginger Hall, Reed Hall, Laughlin Chiller Replacement	566,000		In Progress
Roof Replacement - Button, Rice Maint. Bldg., Claypool-Young, Combs	397,000	October, 2001	Completed
Roof Replacement - Baird	150,000		In Design
Mechanical Systems Replacements	556,800		In Progress
Mechanical Systems/HVAC	350,000		In Design
Ceiling Tile Replacement (Rader & Laughlin)	88,400	October, 2001	Completed
Window Replacement (Rader)	107,000	September, 2001	Completed
Gas Fired Boiler Installation	399,000		In Progress
Central Campus Reconstruction	300,800		In Progress
	<u>\$ 3,250,000</u>		
Residence Hall Repairs (ME, CO, WI, AT)	\$ 300,000	October, 2001	Completed

**RATIFY THE SALE OF CONSOLIDATED
EDUCATIONAL BUILDINGS REVENUE
BONDS, SERIES L**

**BOR (VIII-A-8)
March 16, 2002**

Background:

On September 22, 2001, the Board authorized the sale of Consolidated Educational Buildings Revenue Bonds (ConEd), Series L. The proceeds of the Series L bonds were to be used to refinance portions of ConEd Series H and I bonds that were issued in 1986 and 1992 respectively.

The Board appointed the Vice President for Administration and Fiscal Services and the Associate Vice President for Fiscal Services to serve as its designees to review and accept the bids for the bonds. The actions of the designees were to be ratified at the first full board meeting following the sale of the bonds.

The bond sale was conducted on December 11, 2001. Five bids were received for the bonds. Upon review of the bids, recommendation of the bond fiscal agent, and concurrence by the Commonwealth of Kentucky Office of Financial Management, the Board's designees accepted the bid of J.J.B. Hilliard-W.L. Lyons, Inc., at a net interest cost of 4.2009%. The refinancing of the Series H and I bonds resulted in a net present value debt service savings of just over \$213,000.

Recommendation:

That the Board ratify the actions taken by the Vice President for Administration and Fiscal Services and the Associate Vice President for Fiscal Services on December 11, 2001 related to the sale of the Consolidated Educational Buildings Revenue Bonds, Series L.

**AUTHORIZE THE SALE OF HOUSING
AND DINING SYSTEM REVENUE BONDS,
SERIES Q AND ADOPT REIMBURSEMENT
RESOLUTION**

**BOR (VIII-A-9)
March 16, 2002**

Background:

The University will initiate Phase IV of the residence hall sprinkler program in the summer of 2002. Phase V, the final segment of the five-year project, will be conducted in the summer of 2003. The cost estimates for Phase IV and V are \$850,000 and \$3,000,000 respectively. Both phases will ultimately be financed with Housing and Dining System Revenue Bonds.

To minimize costs of issuance and interest expense, the University will delay the sale of the bonds until the spring of 2003. The bond issue, Housing and Dining System Revenue Bonds, Series Q, will have an approximate size of \$4.4 million. That amount includes the cost estimates for the projects, costs of issuance, and the required debt service reserve.

The University will advance funds to pay the costs of the Phase IV project. These funds will be reimbursed from the proceeds of Series Q. To comply with federal regulations governing the issuance of tax exempt obligations, the Board must adopt a resolution stating its intent to reimburse costs incurred prior to the issuance of the bonds.

Recommendation:

That the Board authorize the sale of Housing and Dining System Revenue Bonds, Series Q in the spring of 2003, and adopt the attached reimbursement resolution.

A RESOLUTION OF THE BOARD OF REGENTS OF
MOREHEAD STATE UNIVERSITY DECLARING OFFICIAL
INTENT WITH RESPECT TO REIMBURSEMENT OF
TEMPORARY ADVANCES MADE FOR CAPITAL
EXPENDITURES TO BE MADE FROM SUBSEQUENT
BORROWINGS; AND TAKING OTHER ACTIONS IN
CONNECTION THEREWITH

WHEREAS, Treasury Regulations § 1.150-2 (the "Reimbursement Regulations"), issued pursuant to § 150 of the Internal Revenue Code of 1986, as amended, (the "Code") prescribes certain requirements by which proceeds of tax-exempt bonds, notes, certificates or other obligations included in the meaning of "bonds" under §150 of the Code ("Obligations") used to reimburse advances made for Capital Expenditures (as hereinafter defined) paid before the issuance of such Obligations may be deemed "spent" for purposes of §§ 103 and 141 to 150 of the Code and therefore, not further subject to any other requirements or restrictions under those sections of the Code; and

WHEREAS, such Reimbursement Regulations require that the Borrower (as hereinafter defined) make a Declaration of Official Intent (as hereinafter defined) to reimburse any Capital Expenditure paid prior to the issuance of the Obligations intended to fund such Capital Expenditure and require that such Declaration of Official Intent be made no later than sixty (60) days after payment of the Capital Expenditure and further require that the Allocation (as hereinafter defined) of the proceeds of such Obligations to reimburse such Capital Expenditures occur no later than eighteen (18) months after the later of the date of the Capital Expenditure was paid or the date the property acquired with the Capital Expenditure was placed in service, except that any such Allocation must be made no later than three years after such Capital Expenditure was paid; and

WHEREAS, Morehead State University (the "Borrower") wishes to ensure compliance with the Reimbursement Regulations;

NOW, THEREFORE, be it resolved as follows by the Board of Regents of Morehead State University as follows:

SECTION 1. Definitions. The following definitions apply to the terms used herein:

"Allocation" means written evidence that proceeds of Obligations issued subsequent to the payment of a Capital Expenditure are to effect the reimbursement of the Borrower for such payments.

"Borrower" means Morehead State University.

"Capital Expenditures" means any expense for an item that is properly depreciable or amortizable or is otherwise treated as a capital expenditure for purposes of the Code, as well as any costs of issuing Reimbursement Bonds.

"Declaration of Official Intent" means a written declaration that the Borrower intends to fund a Capital Expenditure with an issue of Reimbursement Bonds and reasonably expects to be reimbursed from the proceeds of such an issue.

"Reimbursement" means the restoration to the Borrower of money temporarily advanced from other funds of the Borrower to pay for Capital Expenditures before the issuance of Obligations intended to fund such Capital Expenditures. "To reimburse" means to make such a restoration.

"Reimbursement Bonds" means Obligations that are issued to reimburse the Borrower for Capital Expenditures previously paid by or for the Borrower.

"Reimbursement Regulations" means Treasury Regulations § 1.150-2 and any amendments thereto or superseding regulations, whether in proposed, temporary or final form, as applicable, prescribing conditions under which the proceeds of Obligations when allocated or applied to a reimbursement will be treated as "spent" for purposes of §§ 103 and 141 to 150 of the Code.

SECTION 2. Declaration of Official Intent.

- (a) The Borrower declares that it reasonably expects that the Capital Expenditures described in Section (b), which will be paid prior to the issuance of any Obligations intended to fund such Capital Expenditures, will be reimbursed with the proceeds of Obligations, representing a borrowing by the Borrower in the maximum principal amount for such reimbursements, funding of a debt service reserve and payment of costs of issuance of approximately \$1,000,000; and
- (b) the Capital Expenditures to be reimbursed are to be used for Phase IV of the Borrower's sprinkler project.

SECTION 3. Reasonable Expectations. The Borrower does not expect any other funds (including the money advanced to make the Capital Expenditures that are to be reimbursed), to be reserved, allocated on a long-term basis, or otherwise set aside by the Borrower or any other entity affiliated with the Borrower, with respect to the Capital Expenditures described in 2(b).

SECTION 4. Effective Date. This Resolution shall be effective from and after its date of adoption.

**APPROVE BANKING
SERVICES CONTRACTS**

**BOR (VIII-A-10)
March 16, 2002**

Background:

The University is required by KRS Chapters 41 and 164A to designate depository banks for all funds collected. The method of selecting the banks is set forth in the Kentucky Model Procurement Code, KRS Chapter 45A.

Using the guidelines for competitive bidding of contracts in KRS Chapter 45A, bids for banking services were requested from the four banks having a presence in Morehead. Those banks are the Citizens Bank, Firststar Bank, Morehead National Bank, and the Peoples Bank. A pre-bid meeting was held to discuss the terms of the bid, the banking requirements of the University and to answer any questions about the contract or the bidding process. Bids were opened on February 20, 2002. Based on the published evaluation criteria, Firststar Bank submitted the best bid for banking services.

Bids were also solicited from banks in Ashland, West Liberty, Prestonsburg, and Jackson for banking services for the extended campus centers. Each bank in those cities was contacted by phone to explain the process and a written bid request was mailed to the banks. Based on the bids submitted, contracts are recommended for the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National bank in Prestonsburg, and Citizens Bank in Jackson.

All contracts will be effective from July 1, 2002 to June 30, 2003 with options to extend the contracts for four additional one-year periods.

Recommendation:

That the Board designate Firststar Bank as the depository for all funds collected at the main campus location and designate the Heritage Bank in Ashland, Commercial Bank in West Liberty, Citizens National Bank in Prestonsburg, and the Citizens Bank in Jackson to serve as depositories for funds collected at the extended campus centers.

**APPROVE LEASE WITH MOREHEAD
STATE UNIVERSITY FOUNDATION, INC.**

**BOR (VIII-A-11)
March 16, 2002**

Background

The Renovation and Expansion of the Adron Doran University Center Phase I capital project, approved and funded by the 2000 General Assembly, will be initiated this summer. The major functions located in the facility will be relocated during the initial phase. Most of the student service functions will be relocated to other temporary quarters on campus, however, a suitable bookstore location on campus was difficult to identify because of the high student traffic volume and large amount of space required.

In January, the University initiated a request for proposal process seeking suitable off-campus rental space for the bookstore. Three responses with four proposed sites were received. Three sites were visited, with the fourth site deemed inappropriate for the intended use.

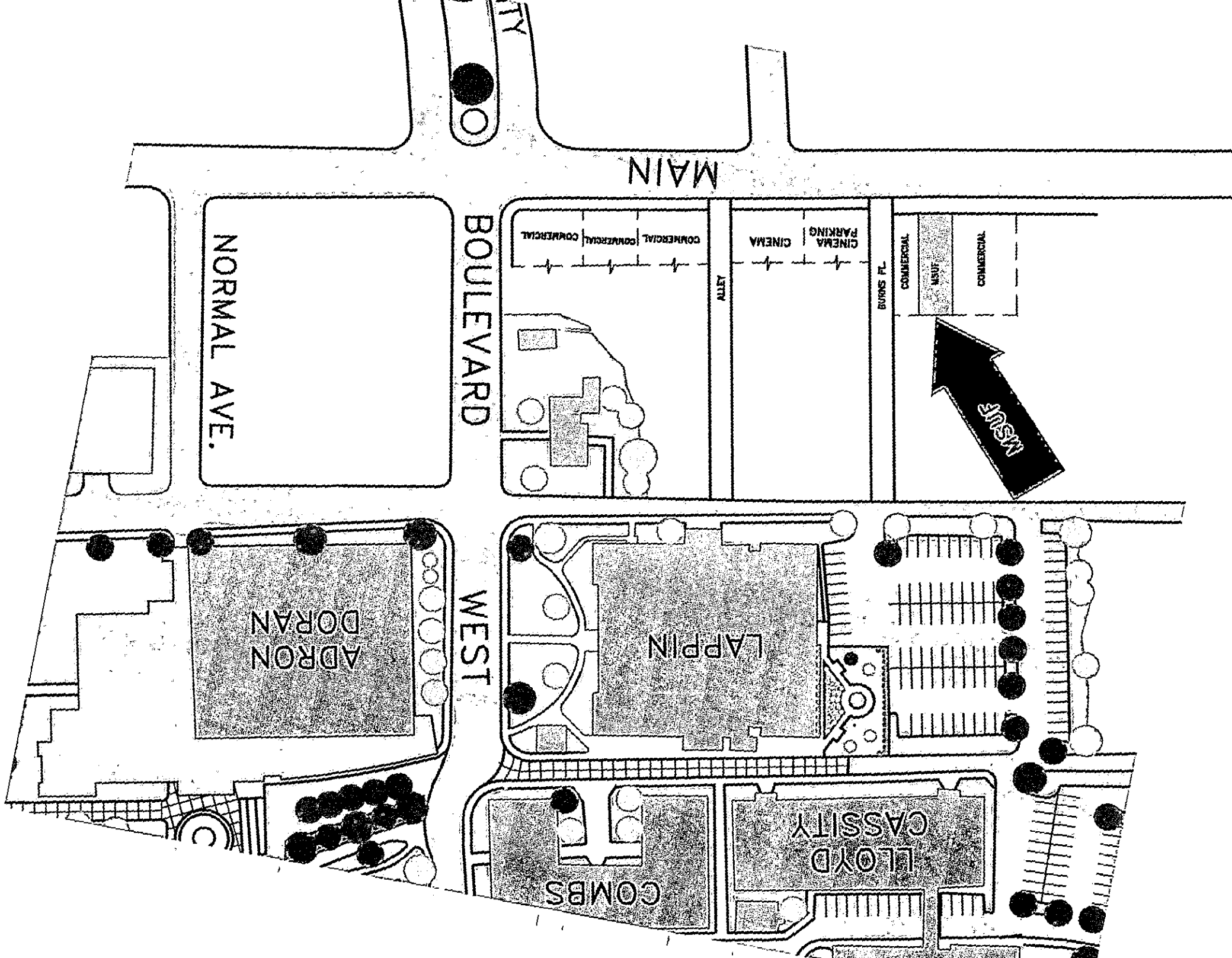
The best proposal was from the Morehead State University Foundation, Inc. (MSUF). The MSUF has property located at 149 East Main Street, Morehead, KY. The 5,218 square foot, two-story, former private business location is currently vacant and has storefront entrances on Main Street and facing Second Street, making it an excellent temporary location for the store during the approximate 18-month period the bookstore will need temporary quarters. The Second Street entrance is less than 100 yards from the campus. A map of the general area is attached.

The University has negotiated a \$6 per square foot annual rental rate for the space. This rental rate is slightly lower than other rental space the University has in the community. The annual rental payment would be \$31,308. The University also plans to negotiate for other available space contiguous to the MSUF space for additional and temporary storage space for the bookstore. The University plans a long-term use of the MSUF facility with intent to utilize the space after the bookstore returns to the Student Center for academic and public outreach activities.

MSU Policies Related to Real Property Management provides that a lease with the MSUF, have the prior approval of the Board of Regents. Upon approval by the Board of Regents the lease agreement with the MSUF will be executed.

Recommendation

That the Board of Regents approve the real property lease with the Morehead State University Foundation, Inc., in regard to property located at 149 East Main Street, Morehead, Kentucky.



MAIN

BOULEVARD

NORMAL AVE.

WEST

LAP PIN

ADRON DORAN

COMBS

LLOYD CASSITY

MSUP

BURNS PL

ALLEY

COMMERCIAL COMMERCIAL COMMERCIAL

CINEMA PARKING CINEMA

COMMERCIAL

MSUP

COMMERCIAL

**CONFIRM BOARD MEMBERS OF KENTUCKY
FOLK ART CENTER; REVISE OPERATING
AGREEMENT**

**BOR VIII-A-12
March 16, 2002**

Background:

1. Under provisions of state law, the Kentucky Folk Art Center, Inc. (KFAC), was declared an affiliated corporation of Morehead State University by the Board of Regents on September 18, 1998. As such, the Board of Regents of the University must confirm the appointment of members of the KFAC Board of Directors. In addition, the relationship between the University and KFAC is governed by an operating agreement approved by both boards.

2. The KFAC Board of Directors met on December 4, 2001, and appointed three new board members – Stephen D. Jones of Maysville, Emma Perkins of Morehead and Gail H. Hart of Lexington. The Board of Directors also reappointed six members – Jean Dorton of Paintsville, Gwenda Adkins of Sandy Hook, Connie Collis of Lexington, O. Leonard Press of Lexington, Jean Sandifer of Lexington and Teresa Unseld of Winston-Salem, N.C. Ms. Unseld has since resigned from the Board of Directors due to her relocation of North Carolina. All appointed board members serve three-year terms.

3. The current operating agreement between the University and KFAC specifies that the Vice President for Administration and Fiscal Services shall provide administrative oversight and that the KFAC staff shall manage private gifts. In accordance with changes in the administrative structure of the University, it is proposed that the operating agreement be revised to assign oversight responsibility for KFAC to the Vice President for University Relations. To assure compliance with the University's fund raising procedures, it is further proposed that acknowledgement and recordkeeping of gifts to KFAC be managed by the MSU Foundation, Inc. The KFAC Board of Directors has approved both changes, subject to action by the Board of Regents.

Recommendation:

That the Board of Regents confirm the appointment of three new and five returning members of the Board of Directors of the Kentucky Folk Art Center, Inc., as identified herein, and that the Board of Regents approve revision of the operating agreement with the KFAC to reflect administrative oversight by the Vice President for University Relations and gift management by the MSU Foundation, Inc.

**REVISED MEMORANDUM OF UNDERSTANDING
BETWEEN MOREHEAD STATE UNIVERSITY
AND KENTUCKY FOLK ART CENTER, INC.**

Morehead State University (University) and Kentucky Folk Art Center, Inc. (KFAC) hereby agree to the following revised memorandum of understanding reflecting the affiliated foundation status of KFAC as per KRS Chapter 164A, adopted Sept. 11, 1998, by the KFAC Board of Directors and submitted to the Kentucky General Assembly's Administrative Regulation Review Subcommittee for adoption of the required Kentucky Administrative Regulation to authorize MSU to operate an affiliated corporation.

KFAC Directors

The election of KFAC Directors will be ratified by the MSU Board of Regents.

Facility Support

The University shall provide space for KFAC and shall provide utilities, repairs, insurance, maintenance, security, and custodial services.

Permanent Collection

KFAC shall serve as steward of the Folk Art Collection (Collection) owned by the University. KFAC will provide storage, conservation, registration and cataloguing services for the Collection. KFAC may also exhibit the Collection and conduct educational programming relating to the Collection. Individual pieces of the Collection may be deaccessioned when agreed upon by both parties, by following approved policies and procedures. Appraisals for the purpose of obtaining insurance and the insurance for the Collection shall be provided by the University.

Personnel

The University shall maintain, on its payroll, a Director and other professional and support personnel to manage and operate the KFAC. The employees assigned to KFAC will be subject to all University personnel and operating policies and regulations.

The Director of the KFAC shall maintain a reporting relationship to the KFAC Board of Directors and to the University's Vice President for Administration and Fiscal Services ~~Vice President for University Relations~~. The Board of Directors of KFAC shall assist in the selection and evaluation of the Director.

KFAC Financial Responsibility

As an affiliate agency of Morehead State University, KFAC will abide by all University regulations regarding purchases, expenditures, and record keeping, and provide quarterly financial statements of operations through KFAC. The Museum Store sales and purchases, KFAC admissions, donations, grants, sponsorships, memberships, and other program and operating income and expenses will be administered through KFAC accounts and reported to the University. In addition, the University and KFAC shall comply with the annual audit and externally funded reimbursement provisions of KRS 164A.610(1) and (3).

Other Support Services

KFAC may purchase goods from the University and utilize support services including but not limited to, printing services, telecommunications, vehicle leasing, postage, computer purchases, and other purchases made through University price contracts or bidding processes. KFAC will reimburse the University, as appropriate, for the cost of the goods and services.

Record Review

KFAC and the University agree that access to all KFAC personnel and financial records will be available to any authorized party designated by the University's Vice President for Administration and Fiscal Services Vice President for University Relations during the life of this agreement. Monthly activity and quarterly financial reports shall be provided by KFAC to individuals designated by the University.

Fund Raising and Gifts Management

KFAC will coordinate its fundraising activities with the University's Office of Development and will make reasonable efforts to solicit contributions only from donors mutually agreeable to the University and the KFAC. Gifts to the KFAC through the University will be received and recorded by the MSU Foundation, Inc. will be forwarded to the MSU Foundation, Inc., to be acknowledged, recorded and deposited for use by KFAC.

Duration of Agreement

This revised agreement shall be effective as of March 17, 2002 and shall remain in effect until such time as it is mutually amended or terminated by the University.

IN WITNESS WHEREOF, we have hereunto affixed our signatures this ___ day of _____.

For Morehead State University

For Kentucky Folk Art Center, Inc.

Signature

Signature

Title

Title

For Morehead State University
Foundation, Inc.

Signature

Title

**APPROVE ENDOWMENT MATCH
PROGRAM SUBMISSION**

**BOR (VIII-A-13)
March 16, 2002**

Background:

The 1997 Higher Education Improvement Act created the Regional University Excellence Trust Fund for the purpose of providing state matching funds in response to private support of endowed chairs and professorships, graduate fellowships, and for other academic purposes including scholarship.

Morehead State University was appropriated \$1.475 million by the 1998 General Assembly to match eligible endowments and was successful in securing the entire amount. The 2000 General Assembly appropriated \$2.95 million to be matched by gifts and pledges secured before June 30, 2002. To date MSU has received \$1,744,866 toward this goal.

Recently, the Council on Postsecondary Education established a subcommittee to review issues and concerns regarding the administration and reporting of the endowments during the first funding cycle. The findings of the subcommittee resulted in two significant revisions to the guidelines governing the administration and operation of the Endowment Match Program that affect comprehensive institutions.

First, the role of governing boards was expanded to require board review and approval of all donations, gifts and pledges that will be used to establish new endowments or expand existing endowments for which matching funds will be requested. Secondly, the universities' or foundations' audited financial reports are now required to include pledge payment schedules.

In order to comply with the new guidelines the proposed next submission for matching funds is provided for the Board's review and approval.

Recommendation:

That the Board of Regents approve the submission of new gifts eligible to be matched in the Regional University Excellence Trust Fund program.

ENDOWMENT MATCH PROGRAM GUIDELINES

Effective July 1, 2002

Background

Kentucky recognizes the importance of research to the economic well being of its citizens. The Endowment Match Program encourages private investment in public higher education research activities to stimulate business development, generate increases in externally sponsored research, create better jobs and a higher standard of living, and facilitate Kentucky's transition to a knowledge-based economy. The program matches public money with private gifts to fund endowed chairs, professorships, fellowships, scholarships, and mission support at the public universities. This collaborative approach is critical to advancing Kentucky's research presence into national prominence.

State funds for the program are appropriated to the Research Challenge Trust Fund (RCTF) for the research institutions and to the Regional University Excellence Trust Fund (RUETF) for the comprehensive institutions. Both trust funds were created with the passage of the Postsecondary Education Improvement Act of 1997 (HB 1).

The Endowment Match Program received surplus General Fund appropriations of \$110 million in 1998-99 and \$120 million in 2000-01. The council has requested another \$120 million for the program in 2002-03.

Program Administration

The Council on Postsecondary Education oversees the Endowment Match Program. The council establishes the areas of concentration within which program funds are used, develops guidelines for the distribution of program funds, and reviews reports from the institutions on the use of funds and the results achieved.

The boards of trustees and boards of regents of the Commonwealth's public universities are responsible for the Endowment Match Program on their campuses. The boards are to review and approve all donations, gifts, and pledges that will be used to establish new endowments or expand existing endowments for which matching state funds will be requested. The boards are to ensure that the purpose of the endowment and the source of funds comply with the council's guidelines and serve the public good. Documentation of board approval must be submitted with each endowment request. In addition, the boards are to review and approve the Endowment Match Program reports that are to be submitted annually to the council.

Allocation of Program Funds

The council has requested \$120 million for the Endowment Match Program in 2002-03. The council requests that \$100 million be appropriated to the RCTF and \$20 million be appropriated to the RUETF. These funds would be allocated to the institutions as follows:

- The research university endowment match will be allocated two-thirds to the University of Kentucky (\$66,667,000) and one-third to the University of Louisville (\$33,333,000).
- The comprehensive university endowment match will be divided into two \$10 million pools designated primary and secondary. Each pool will be allocated among the institutions based on their proportionate share of total net 2002-03 General Fund appropriations.
- The primary pool will be allocated to the institutions and will remain in the trust fund until matched. The secondary pool will be similarly assigned to the institutions until June 30, 2004. If not matched by that date, other comprehensive universities that have fully matched their allocations from both pools may submit requests for additional matching funds. Funds requested from July 1 to July 31 will be matched on a pro rata basis based on the dollar amount of requests received. For example, if the secondary pool contains \$100,000 on July 1, and four institutions submit requests of \$50,000 each to the council between July 1 and July 31, then each institution would be eligible to receive \$25,000 in state matching funds ($\$50,000 / \$200,000 \times \$100,000$). After July 31, requests will be considered on a first-in

basis until all funds are allocated. If multiple requests arrive simultaneously, then the pro-rata method described above will apply.

Matching Requirements

The Endowment Match Program is conceived as a way to bring new money from external sources into the Commonwealth's system of postsecondary education. In order to receive state funds, the universities must provide dollar-for-dollar matching funds that satisfy the following requirements:

- Gifts and pledges must be from external sources. Eligible matching funds can be received from businesses, foundations, hospitals, corporations, alumni, or other individuals. Funds received from the federal government are eligible for state match provided the funds are endowed.
- General Fund appropriations and student-derived revenues (e.g., tuition and fees revenue) are not eligible for state match.
- The minimum requested matching amount is \$50,000. A university may combine smaller donations from individuals, businesses, foundations, or corporations to meet the \$50,000 minimum.
- All funds, both state and private, must be endowed. "Endowed" means only the investment earnings are eligible for expenditure, not the principal.
- Requests for state funds must identify the matching funds that are cash and the matching funds that are pledges.
- Pledges, or promises of future payment, are eligible for state match provided they are based on a written contract or agreement and include a payment schedule, which does not exceed five years from the initial pledge date. Pledge payment schedules showing receipts to date

and scheduled future payments are to be included in the audited financial statements of either the institution or the foundation.

- If pledged funds are not received within five years of the initial pledge date, the university must replace the portion of private funds not received with another eligible cash gift or the unmatched portion of the state funds plus an allowance for accrued interest will revert to the trust fund for reallocation. In such cases, time frame for the replacement or return of state funds will be negotiated between council staff and institutional representatives.
- University officials must notify the council staff of unpaid pledges six months before the end of the five-year deadline, or immediately when a gift has been revoked.

Use of Program Funds

Investment earnings from the endowments can be used to support various endowed positions including chairs, professorships, graduate fellowships, undergraduate scholarships, and mission support as described below.

Chairs: New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including travel, start-up costs, and other professional expenses as permitted by university policy.

Professorships: New faculty positions, salary supplements to existing faculty positions, and associated expenses for those positions, including travel, start-up costs, and other professional expenses as permitted by university policy.

Graduate Fellowships: Fellowship stipends for outstanding graduate or professional students, which may include travel and other expenses as permitted by university policy.

Undergraduate Scholarships: At the comprehensive universities only, program funds can be used to support scholarships for outstanding undergraduate students, which may include travel and other expenses as permitted by university policy.

Mission Support: At the research and comprehensive universities, program funds can be used to support the institution's research and graduate mission. At the comprehensive universities, program funds also may be used to support programs of national distinction. Support may include funding for visiting scholars, nationally prominent publications, the dissemination of research, and the advancement and support of the general research mission as specified in university regulations and policies.

Areas of Concentration

- For the research institutions only, the council expects state and private matching funds to be substantially directed toward supporting research that leads to the creation, preservation, or attraction of businesses that will increase the number of good jobs in Kentucky. For these purposes, "good jobs" are defined as jobs that yield income at or above the national per capita income.
- The council recognizes that strong research programs are clustered around related academic disciplines and encourages campus officials to create a critical mass of scholars who can influence the nation's research and academic agenda.
- The council recognizes that the boundaries of traditional disciplines are increasingly permeable and encourages the use of endowment funds for interdisciplinary, problem solving, or applied research activities.
- The council recognizes the importance of cooperation between universities and corporations and encourages partnerships in the technologies, engineering, and applied sciences.

- For the research universities only, at least 70 percent of program funds must be used to support academic disciplines contained within five new economy clusters: human health and development, biosciences, materials science and advanced manufacturing, information technologies and communications, and environmental and energy technologies. These areas are of strategic benefit to Kentucky and are core components of the knowledge-based economy. To the extent possible, the comprehensive universities are encouraged to use program funds for these same five clusters.
- The council recognizes the contribution of arts and humanities to quality of life and to economic development in the Commonwealth and is receptive to limited use of endowment funds in this area.
- Program funds cannot be used for positions, which are primarily administrative. However, researchers or scholars with an active research program who may have an appointment such as department chair, center director, or dean are eligible.
- Program funds cannot be used to fund capital construction projects.

Annual Reporting

Institutions will provide detailed annual reports describing how the state and matching funds are used by October 15 each year. These reports will include such items as the number of endowed chairs and professorships by name and incumbent, the specific support services attached to the chairs and professorships, and the benefits of the program to the Commonwealth of Kentucky in terms of jobs, revenue growth, creation of wealth, and improved standards of living. The reports should also identify institutional outcomes, such as increases in sponsored research directly attributed to the program, changes in the quality of students and measurable outcomes (retention, graduation, pursuit of advanced study, and employment), and the creation and profitable use of intellectual property.

The council staff, working with the university presidents and their staffs, will devise and maintain reporting procedures that specify the content and format of Endowment Match Program annual reports.

Council on Postsecondary Education
Endowment Match Program
Procedures for Accepting Donations, Gifts, and Pledges

All donations, gifts, and pledges to the university that are eligible for state matching funds from the Endowment Match Program are required to be approved by the university board of trustees or board of regents. The president and chief development officer shall review all gifts designated as confidential to ensure that the terms of confidentiality are reasonable and serve the interest of Kentucky and the university, as well as those of the donor; that the purposes of the gift are consistent with the mission of the university; and, that the university has full control of the gift. Certain specific data are determined for each gift: (a) donor name or "anonymous" if that is a condition of the gift; (b) the amount of the gift; (c) the pledge dates for any additional payments (final payment must be received within five years of the initial pledge date); and (d) a description of any restrictions placed on the endowment by the donor.

This information is to be reviewed by the chair of the finance committee of the board of trustees or board of regents and the president of the university prior to the finance committee meeting. After review and approval by the finance committee, a recommendation will be presented to the full board for action.

Following each meeting of the trustees or regents, a report is prepared for the Council on Postsecondary Education that itemizes all of the information noted and includes a copy of the recommendation, dated and approved by the board. This information will be submitted to the council along with a copy of the endowment agreements and request for transfer of matching funds to the university.

The university development officer shall maintain an ongoing audit of these transactions to insure follow-up on all pledge dates for installment gifts.

**Potential Gifts for Submission to the
Council on Postsecondary Education
in the “Bucks For Brains” Program**

Donor	Purpose	Amount
E.L. and Ruth Shannon	Ruth Boggs and E.L. Shannon Endowment	\$70,000.00
Myrtle Mitchell Trust	*Myrtle Critchfield Mitchell Endowment	\$65,000.00
Adron Doran	Doran Endowment For Education	\$60,000.00
Buffalo Trace Veterinary Medical Association	*BTVMA – Carl Grady Endowment	\$25,000.00
Jean Sledd Estate	*Jean Sledd Memorial Endowment	\$25,000.00
Dennis and Jean Dorton	Bertha Mills Booth Endowment	\$25,000.00
Buffalo Trace Veterinary Medical Association	*BTVMA – Charles Derrickson Endowment	\$20,000.00
Various Donors	Adron Doran Endowment	<u>\$ 9,009.00</u>
Total:		\$299,009.00

* New endowment created by this submission.

“Bucks For Brains” Matching Endowments

	<u>Matched to date</u>
Mick Barker Endowment for Industrial Education - To provide partial funding of graduate fellowships in industrial education and technology in the College of Science and Technology.	\$ 25,000
Bertha Mills Booth Endowment for Business Research - To supplement institutional and external funding of applied research in regional economic development in the College of Business.	\$125,000
*Buffalo Trace Veterinary Medical Association - Charles Derrickson Endowment – To provide scholarship support in the veterinary technology program.	
*Buffalo Trace Veterinary Medical Association – Carl Grady Endowment – To provide scholarship support in the veterinary technology program.	
Dr. C. Louise Caudill Scholarship Endowment for Nursing and Allied Health - To provide scholarship support in allied health professions.	\$500,000
Dr. C. Louise Caudill Endowment for Allied Health Professions - To support a professorship in allied health professions in the College of Science and Technology.	\$150,000
Robert L. Coleman Endowment for Science Enhancement - To support a professorship in biology in the College of Science and Technology.	\$125,000
Major James Scott DeHart Endowment - To provide partial funding of graduate fellowships on a rotating basis among the four colleges.	\$ 25,000
Doran Endowment for Educational - To support a professorship in leadership/secondary education in the College of Education and Behavioral Sciences.	\$435,369
Geoscience Endowment - To supplement institutional funding of instructional and research travel for faculty members and students in geoscience in the College of Science and Technology.	\$ 50,000
Buckner and Sally Hinkle Endowment - To provide partial funding of visiting professorships in the Caudill College of Humanities.	\$191,885
Allen Lake Endowment for Biological Sciences - To support a professorship in biological sciences in the College of Science and Technology.	\$ 57,500
Kathy Goins Martin Endowment for Human Physiology - To provide partial funding of graduate fellowships in human physiology in the College of Education and Behavioral Sciences.	\$ 25,000
*Myrtle Critchfield Mitchell Endowment – To provide general scholarship support.	
Gary North Endowment for Traditional Music - To provide partial funding of a professorship in traditional music in the Caudill College of Humanities.	\$ 25,000
Gregory Palmer Endowment for Business -To establish a professorship in internet-based business (e-commerce).	\$ 80,000
Clifford and Addie Rader Endowment - To support undergraduate nursing scholarships in the College of Science and Technology.	\$600,112

Charles M. Rhodes Endowment for Science Fellowships - To support graduate fellowships in biology with preference to African American Students in the College of Science and Technology.	\$100,000
Ruth Boggs Shannon and E. L. Shannon Endowment for Education - To support a professorship in elementary education in the College of Education and Behavioral Science.	\$180,000
*Jean Sledd Memorial Endowment – To provide general scholarship support.	
Elmer and Donna Smith Endowment for Business - To support a professorship in information sciences in the College of Business.	\$500,000
Larry Stephenson SGA Endowment - To provide partial funding of a graduate fellowship rotating among the four colleges of the University.	\$ 25,000
Total	\$3,219,866

* New endowment created by this submission.

March 16, 2002

Dr. Gordon K. Davies, President
Council on Postsecondary Education
1024 Capital Center Drive, Suite 320
Frankfort, KY 40601-8204

Dear Dr. Davies:

As chair of the Morehead State University Board of Regents, I certify that this submission was reviewed by the Board in our meeting held March 16, 2002. On behalf of the Board, I am pleased to approve this submission for matching funds from the Regional University Excellence Trust Fund in the amount of \$349,009.

Thank you for your continued leadership in the "Bucks for Brains" program.

Sincerely,

Buckner Hinkle, Chair
MSU Board of Regents

**REPORT ON 2002-2004 EXECUTIVE
BRANCH BUDGET REQUEST AND
PRELIMINARY 2002-2003 OPERATING BUDGET**

**BOR (VIII-B-2)
March 16, 2002**

2002-2004 Executive Branch Budget Request

In November 2001, the Board of Regents ratified the University's 2002-2004 Executive Branch Biennial Budget Request as proposed by the Council on Postsecondary Education. Since that time, we have been officially apprised of a current year base budget reduction of 2%, or \$748,000, and the continuation of that base budget reduction into the first year of the biennium.

In January 2002, Governor Patton made his budget recommendations to the Kentucky General Assembly, which included additional funding in both years of the biennium for the Kentucky Educational Excellence Scholarship (KEES) program and second-year funding for the Research Challenge (Bucks for Brains) Trust Fund and benchmark funding for the universities and KTCTS. The proposed distribution model for the \$27.1 million in benchmark funding will allocate approximately \$1.4 million to Morehead State University in fiscal year 2003/2004 (Attachment A).

Preliminary 2002-2003 Operating Budget

New revenue from enrollment growth experienced in 2001/02 and the board-approved 8% increase in tuition and fees will not offset the University the 2% reduction in state appropriation and the increases in fixed and unavoidable costs that have been identified for 2002/2003. Therefore, a budget reduction strategy has been implemented across all divisions to help address priority needs for the 2002/2003 fiscal period. A preliminary 2002-2003 operating budget is being developed on the following assumptions related to revenues, fixed or unavoidable costs, and goals for a 2002/2003 employee compensation package:

- Fiscal period 2002/03 tuition and fee revenue based on enrollment of 8,772
- 8% increase in tuition and fees (approved by the BOR in September 2001)
- Additional \$50 per credit hour increase in MBA tuition
- Fiscal period 2002/03 housing revenue based on occupancy of 3,053
- \$50 housing surcharge for sprinkler debt
- 2.1% budget reduction – state appropriations
- 2% salary pool
- 27% increase in tuition waiver expense
- 43.4% increase in health insurance in 2002
- 10% increase in health insurance for 2003
- 7.3% increase in postage expenses

Attachment A

**2002-2004 Executive Budget
Proposed Benchmark Funding Model**

	Enacted 2001-02 State Approp (w/Trust Fund)	2% Budget Reduction (Recurring)	2002-03 Recommended State Approp	Proposed FY 04 Benchmark Distribution	2003-04 Recommended State Approp	% Change in Base Budget*
Eastern Kentucky University	\$ 75,324,100	\$ 1,247,500	\$ 73,451,800	\$ 2,651,600	\$ 76,103,400	3.61%
KCTCS	\$ 192,624,800	\$ 3,302,200	\$ 189,722,700	\$ 5,431,500	\$ 195,154,200	2.86%
Kentucky State University	\$ 23,568,100	\$ 408,500	\$ 23,162,700	\$ 314,400	\$ 23,477,100	1.36%
Morehead State University	\$ 42,856,500	\$ 768,600	\$ 42,747,400	\$ 1,447,200	\$ 44,194,600	3.39%
Murray State University	\$ 52,620,000	\$ 945,000	\$ 51,669,400	\$ 1,556,800	\$ 53,226,200	3.01%
Northern Kentucky University	\$ 46,549,900	\$ 537,500	\$ 45,989,000	\$ 2,633,700	\$ 48,622,700	5.73%
University of Kentucky	\$ 313,790,000	\$ 6,008,400	\$ 303,880,400	\$ 4,484,500	\$ 308,364,900	1.48%
Lexington Community College	\$ 8,908,900	\$ 51,300	\$ 9,250,700	\$ 521,200	\$ 9,771,900	5.63%
University of Louisville	\$ 179,614,300	\$ 2,982,600	\$ 176,745,200	\$ 3,727,800	\$ 180,473,000	2.11%
Western Kentucky University	\$ 70,784,800	\$ 1,061,000	\$ 70,427,100	\$ 4,327,100	\$ 74,754,200	6.14%
Total	\$ 1,006,641,400	\$ 17,312,600	\$ 987,046,400	\$ 27,095,800	\$ 1,014,142,200	2.75%

* Percentage change in base excludes debt service amounts

Background

The Board of Regents approved *Pride & Promise: Morehead State University Strategic Plan 2001-2006* at its regular quarterly meeting in June 2001. The document represents the first strategic plan revision since the 1997 higher education reform efforts of the Governor and General Assembly and aligns the institution with the Council on Postsecondary Education's 2020 Vision and Action Agenda. In September 2001, the Board received a progress report on the strategic plan activities that included a timeline for the progression of the plan from the initial development phase in fall 2000 through the projected issuance of the first annual "report card" by the Planning Committee. The first annual report card is included with this report.

Report Card 2001

The report card document was developed as an annual assessment process to measure and communicate progress toward achieving the goals and objectives defined within the strategic plan. The report card assesses progress in specific areas defined by measurable performance indicators. The Report Card 2001 includes twenty-nine performance indicators of which seventeen have been measured and scored. Measurement processes and baseline data for the remaining eleven performance indicators are being developed in the 2001/2002 academic year and will be measured and reported in the next annual report card. Below is a summary breakdown of the scores reported on the twenty-nine performance indicators included in the report card 2001:

Score	Number of Indicators
Exceeded Goal	7
Goal Met	4
Some Progress Measured	4
Declined or No Progress Measured	3
Not measured – baseline data to be collected in 2001/02	11
Total	29

The Planning Committee used the Report Card 2001 data to assist in developing a list of budget priority areas. These budget priority areas will be used by the Planning Committee to help prioritize strategic budget requests for 2002/03. Strategic budget requests are submitted by academic and administrative operating units to request new funding for initiatives that would enable the requesting unit to strategically posture itself to advance the strategic goals and objectives of the University. Below are the budget priority areas defined by the Planning Committee for 2002/2003:

- Strategies to increase faculty and staff salaries
- Strategies to promote recruitment and retention of students
- Strategies for improving instructional support
- Strategies for improving student support services
- Strategies to increase active alumni and private giving
- Strategies to increase female representation in leadership roles and improve gender salary equity

Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
Goal 1: Academic Excellence and Student Success			
1. Assess student knowledge and proficiency in general education using Academic Profile and NSSE.	Exceeded NSSE predicted results in 5 of 5 categories with first-year students and 4 of 5 categories with seniors. Also, exceeded all KY averages in a 6th area measuring civic engagement. NSSE Data 2001 Composite Table included in data summary.		★★
2. Objectively measure student knowledge and proficiency in their major area using GRE, GMAT, MCAT, LSAT, PRAXIS, NCLEX, or measurements in capstone course.	Baseline data to be developed in 2001/2002		
3. Using CPE thresholds, review low enrollment and low graduate producing undergraduate and graduate programs.	Baseline set by CPE in 2000/2001 46 programs identified	Under new CPE guidelines in 2001/2002 20 programs identified	★
4. Measure the level of funding for library materials compared to benchmark using objectives for University library.	99/00 Benchmark Avg \$137/FTE MSU \$134/FTE	00/01 TBD \$142/FTE	No Score 00/01 Baseline not available
5. Increase the instructional and instructional technology expenditures each year.	99/01 Instr Exp = \$26,512,114 MAP Exp = \$854,856	00/01 Instr Exp = \$27,881,794 MAP Exp = \$871,706	★★
6. Increase sponsored research, grant activities and public service by 10% in the next five years.	99/00 Funded external grants and contracts = \$10,203,574	00/01 Funded external grants and contracts = \$13,736,214 34.62% increase	★★★
7. Objectively, systematically measure employer satisfaction with MSU alumni.	Baseline to be developed in 2002/2003		
8. Objectively, systematically measure alumni satisfaction with academic programs.	CPE Alumni Survey: Average Total Satisfaction = 4.21	MSU Total Satisfaction Score = 4.28	★★★
9. Objectively, systematically measure student satisfaction with academic programs and processes. Student / Faculty Relations Academic Programs & Processes Academic Services / Facilities	Baseline set from 1998 SACS Student Survey 3.27 2.99 3.07	SACS Student Survey to be repeated in 2002/03	To Be Scored on Report Card 2002
10. Increase the number of student field experiences and internships by 10% each year.	Baseline data to be developed in 2001/2002		
11. Engage at least 15% of the faculty and full-time students annually in international learning experiences.	Baseline data to be developed in 2001/2002		
Goal 2: Excellence in Student Services			
12. Objectively measure student satisfaction with student support services. Student Activities / Organizations Student Health and Welfare Student Facilities Student Life / Administrative Services	Baseline set from 1998 SACS Student Survey 2.96 3.16 2.70 2.77	SACS Student Survey to be repeated in 2002/03	To Be Scored on Report Card 2002
13. Objectively measure student satisfaction with academic (ACT) advising survey.	Baseline set from 1997 ACT Advising Survey	ACT Advising Survey being conducted in Spring 2002	To Be Scored on Report Card 2002
Goal 3: Enrollment Growth and Retention Gains			
14. Meet or exceed the goals for CPE key indicators for: Undergraduate enrollment Retention rate Graduation rate Graduation rate for transfer students Graduate enrollment Transfers in from KCTCS and LCC	2001 CPE Key Indicators 6,900 66% 41.6% To be determined by CPE 1,700 To be determined by CPE	Fall 2001 Actual 7,257 68% To be determined To be determined 1,770 To be determined	★★★ ★★★ ★★★
15. Meet or exceed enrollment and graduation goals for academic undergraduate and graduate programs.	Baseline data to be developed in 2001/2002		

Score: ● = No Progress or Decline ★ - Some Progress ★★ - Goal Met ★★★ - Exceeded Goal

Assessment data and additional analysis available at: www.moreheadstate.edu/units/budgets/reportcard2001data.pdf

Pride & Promise: Morehead State University Strategic Plan 2001-2006

Annual Assessment "Report Card" for 2001

Performance Indicators	Baseline Data	2001 Measurement	Score
16. Meet or exceed enrollment goals for minority and international students.	1999/2000 African American 258 3.1% Int'l Students 153 1.8%	2000/2001 304 3.4% 173 1.9%	★★★
17. Measure the retention rates and first year GPAs of students enrolled in developmental education courses.	Baseline data to be developed in 2001/2002		
18. Maintain Enrollment in "Targeted" counties (Target Counties defined as service region, Fayette and Jefferson)	Fall 2000 Target County Enrollment = 5,688	Fall 2001 Target County Enrollment = 5,858	★★★
Goal 4: Effective Administration			
19. Achieve faculty salaries that equal or exceed benchmark or regional institution averages	1999/2000 <u>Region</u> <u>Median</u> <u>MSU</u> Instructor \$31,172 \$27,487 88.2% Assistant Professor \$41,414 \$40,529 97.9% Associate Professor \$48,444 \$45,554 94.0% Professor \$62,752 \$59,595 95.0%	2000/2001 <u>Region</u> <u>Median</u> <u>MSU</u> \$32,600 \$28,093 86.2% \$42,700 \$40,859 95.7% \$51,100 \$46,214 90.4% \$64,700 \$59,837 92.5%	●
20. Achieve average staff salaries/wages that equal or exceed midpoint of current compensation schedule.	1999/2000 Compared average staff salary to midpoint of assigned salary grade: 4 of 29 grades equal or exceeded midpoint salary.	2000/2001 Compared average staff salary to midpoint of assigned salary grade: 5 of 29 grades equal or exceeded midpoint salary.	★
21. Achieve goals related to African American employees identified in Morehead State University's Affirmative Action Plan.	Met 4 of 8 Affirmative Action Goals based on EEO Categories	Met 5 of 8 Affirmative Action Goals based on EEO Categories	★
22. Increase female representation in leadership positions.	Females earning an average of 82.2% of their male peers' salaries held 20 of 66 leadership roles. Two cabinet members earned 71.9% of male peers' salaries.	Females earning an average of 85.8% of their male peers' salaries held 19 of 67 leadership roles. The number of female cabinet members increased to 4 of 8 earning 76.9% of their male peers.	★
23. Meet matching funds requirement for Capital Renewal and Maintenance Pool for E&G facilities.	00/02 Capital Renewal & Maintenance Pool = \$812,500	A total of \$1,625,000 matched in 2000-02	★★
24. Establish and maintain a Capital Renewal and Maintenance Pool for student housing facilities.	Established \$200,000 recurring budget in 2000/01	Enhanced budget by \$100,000 in 01/02	★★★
25. Increase annual private giving within a range of 7-10% each year for the next five years.	1999/00 Gift Income = \$2,680,700 Number of Gifts = 11,717	2000/01 Gift Income = \$1,794,016 Number of Gifts = 10,360	●
Goal 5: Enhanced Reputation and Productive Partnerships			
26. Expand partnerships with the city/county/KCTCS/local and regional corporations and businesses to enhance workforce/economic development.	19 contracts documented in 2001	To be measured in 2002	To Be Scored on Report Card 2002
27. Increase active alumni by 7-10% in each of the next five years.	1999/00 Active Alumni = 7,278	2000/01 Active Alumni = 6,122	●
28. Increase the number of news items related to service, academic, or student achievements.	News releases = 1,182 Photos = 431 Web Postings – not available	News releases = 1,364 Photos = 570 Web Postings = 218	★★★
29. Increase external fund support to the KFAC.	1999/00 \$219,815	2000/01 \$228,075	★★

Score: ● = No Progress or Decline ★ - Some Progress ★★ - Goal Met ★★★ - Exceeded Goal

Assessment data and additional analysis available at: www.moreheadstate.edu/units/budgets/reportcard2001data.pdf

**REPORT OF MAJOR GIFTS
SINCE NOVEMBER 15, 2001**

**BOR (VIII-B-5)
March 16, 2002**

Major Gifts		
The following is a list of gifts of \$10,000 or more that have been recorded since November 15, 2001, on behalf of the University in accordance with terms of the operating agreement between Morehead State University and the MSU Foundation, Inc.		
<u>Amount</u>	<u>Donor(s)</u>	<u>Type or Purpose</u>
\$50,000.00	Anonymous	Gift-in-kind
\$50,000.00	France M. George	Endowment
\$50,000.00	Elmer R. Smith	Endowment
\$35,000.00	Ruth L. Shannon	Endowment
\$29,500.00	K-MEC	Gift-in-kind
\$19,000.00	Siemens Bldg. Technologies, Inc.	Gift-in-kind
\$15,000.00	Melissa Brown	Gift-in-kind
\$12,000.00	Warren Doerr	Scholarship
\$10,000.00	Citizens Bank	Special Project
\$10,000.00	Gregory Palmer	Endowment

Gift Income Comparison July-December '99, '00, '01			
<u>Fund/Type</u>	<u>July 1999- Dec. 1999</u>	<u>July 2000- Dec. 2000</u>	<u>July 2001- Dec. 2001</u>
Unrestricted	\$47,270.85	\$53,506.49	\$37,500.06
Colleges, Departments and Other Units	\$114,247.10	\$114,046.23	\$135,916.78
Eagle Athletic Fund	\$88,376.75	\$76,895.17	\$81,341.48
Scholarships (unendowed)	\$63,163.65	\$16,843.05	\$100,199.19
Endowments	\$627,232.00	\$545,649.54	\$529,687.92
Gifts-in-kind	\$184,935.85	\$158,353.98	\$183,277.98
Total Gifts	\$1,125,226.20	\$965,294.46	\$1,067,923.41

**BOARD OF REGENTS
MOREHEAD STATE UNIVERSITY
March 16, 2002**

9 a.m., Riggle Room, Adron Doran University Center, Morehead, Kentucky

AGENDA

- I. CALL TO ORDER**
- II. ROLL CALL**
- III. APPROVE MINUTES OF NOVEMBER 30, 2001**
- IV. ELECT OFFICERS: CHAIR, VICE CHAIR, AND SECRETARY;
APPOINT TREASURER**
- V. APPROVE RECIPIENT OF FOUNDERS DAY AWARD FOR UNIVERSITY
SERVICE -- PRESIDENT EMERITUS C. NELSON GROTE 10**
- VI. ADOPT RESOLUTION IN MEMORY OF PRESIDENT EMERITUS
ADRON DORAN 11**
- VII. SABBATICAL LEAVE RECIPIENT REPORTS**
- VIII. PRESIDENT'S RECOMMENDATIONS AND REPORTS**
 - A. Recommendations**
 - 1. Approve Tenure with Promotion, 2002 12**
 - 2. Approve Tenure, 2002 13**
 - 3. Approve Sabbatical Leaves, 2002 14**
 - 4. Approve Program Deletion 15**
 - 5. Approve Personnel Policy, PAC-34: Alternative Career-
Track Faculty 16-20**
 - 6. Ratify Personnel Actions 21-47**
 - 7. Accept Second Quarter Financial Report and
Amend Operating Budget 48-60**
 - 8. Ratify Sale of Consolidated Educational Buildings
Revenue Bonds, Series L 61**
 - 9. Authorize Sale of Housing and Dining Revenue Bonds,
Series Q and Adopt Reimbursement Resolution . . 62-64**
 - 10. Approve Banking Services Contracts 65**
 - 11. Approve Lease with Morehead State University
Foundation, Inc. 66-67**

12. Confirm Appointment of Board Members of Kentucky Folk Art Center and Revise Operating Agreement 68-70
13. Approve Endowment Match Program Submission 71-83

B. Reports

1. Preliminary Report on Spring 2002 Enrollment
2. Report on 2002-2004 Executive Branch Budget Request and Preliminary 2002-2003 Operating Budget 84-85
3. Report on Strategic Planning Report Card 2001 86-87
4. Status Report on Kentucky Center for Traditional Music
5. Report of Major Gifts Since November 15, 2001 88

OTHER BUSINESS

A. Next Meeting

Work Session -- Friday, May 11

BOR Meeting -- Saturday, June 1

B. Other

ADJOURNMENT